

SENATE BILL 337

N1
SB 361/12 – JPR

3lr2083
CF HB 45

By: **Senators Peters, Brochin, Colburn, DeGrange, Getty, Kittleman, Manno,
Muse, Raskin, Shank, Stone, and Zirkin**

Introduced and read first time: January 24, 2013

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Real Property – Residential Leases – Interest on Security Deposits**

3 FOR the purpose of altering the interest rate paid on a security deposit under a
4 residential lease at the end of a tenancy; altering the interest rate paid on a
5 security deposit under a residential lease when an evicted or ejected tenant
6 makes a timely written demand for return of the security deposit; altering the
7 annual interest rate paid by a mobile home park owner on a security deposit at
8 the end of a tenancy; requiring the Department of Housing and Community
9 Development to maintain on its Web site a certain list or a certain calculator;
10 requiring the Department to submit a certain report on or before a certain date;
11 providing for the application of this Act; providing for a delayed effective date;
12 and generally relating to the interest paid on security deposits under residential
13 leases.

14 BY repealing and reenacting, with amendments,
15 Article – Real Property
16 Section 8–203(e) and (h) and 8A–1001(f)
17 Annotated Code of Maryland
18 (2010 Replacement Volume and 2012 Supplement)

19 BY adding to
20 Article – Real Property
21 Section 8–203(k)
22 Annotated Code of Maryland
23 (2010 Replacement Volume and 2012 Supplement)

24 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
25 MARYLAND, That the Laws of Maryland read as follows:

26 **Article – Real Property**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 8-203.

2 (e) (1) (I) Within 45 days after the end of the tenancy, the landlord
3 shall return the security deposit to the tenant together with simple interest which has
4 accrued [in the amount of 3 percent per annum] **AT THE DAILY U.S. TREASURY**
5 **YIELD CURVE RATE FOR 1 YEAR, AS OF THE FIRST BUSINESS DAY OF EACH YEAR,**
6 **OR 1.5%, WHICHEVER IS GREATER,** less any damages rightfully withheld.

7 (II) **FOR ANY YEAR IN WHICH THE LANDLORD HAS HELD**
8 **THE SECURITY DEPOSIT FOR LESS THAN THE FULL YEAR, THE LANDLORD SHALL**
9 **PAY AN AMOUNT OF INTEREST EQUAL TO THE AMOUNT OF THE DEPOSIT**
10 **DIVIDED BY THE NUMBER OF MONTHS THAT THE DEPOSIT WAS HELD,**
11 **MULTIPLIED BY THE DAILY U.S. TREASURY YIELD CURVE RATE FOR 1 YEAR**
12 **THAT WAS IN EFFECT AS OF THE FIRST BUSINESS DAY OF THAT CALENDAR YEAR,**
13 **OR 1.5%, WHICHEVER IS GREATER.**

14 (2) Interest shall accrue at six-month intervals from the day the
15 tenant gives the landlord the security deposit. Interest is not compounded.

16 (3) Interest shall be payable only on security deposits of \$50 or more.

17 (4) If the landlord, without a reasonable basis, fails to return any part
18 of the security deposit, plus accrued interest, within 45 days after the termination of
19 the tenancy, the tenant has an action of up to threefold of the withheld amount, plus
20 reasonable attorney's fees.

21 (h) (1) The provisions of subsections (e)(1) and (4) and (g)(1) and (2) of this
22 section are inapplicable to a tenant who has been evicted or ejected for breach of a
23 condition or covenant of a lease prior to the termination of the tenancy or who has
24 abandoned the premises prior to the termination of the tenancy.

25 (2) (i) A tenant specified in paragraph (1) of this subsection may
26 demand return of the security deposit by giving written notice by first-class mail to
27 the landlord within 45 days of being evicted or ejected or of abandoning the premises.

28 (ii) The notice shall specify the tenant's new address.

29 (iii) 1. The landlord, within 45 days of receipt of such notice,
30 shall present, by first-class mail to the tenant, a written list of the damages claimed
31 under subsection (f)(1) of this section together with a statement of the costs actually
32 incurred and shall return to the tenant the security deposit together with simple
33 interest which has accrued [in the amount of 3 percent per annum] **AT THE DAILY**
34 **U.S. TREASURY YIELD CURVE RATE FOR 1 YEAR, AS OF THE FIRST BUSINESS**
35 **DAY OF EACH YEAR, OR 1.5%, WHICHEVER IS GREATER,** less any damages
36 rightfully withheld.

1 **2. FOR ANY YEAR IN WHICH THE LANDLORD HAS**
2 **HELD THE SECURITY DEPOSIT FOR LESS THAN THE FULL YEAR, THE LANDLORD**
3 **SHALL PAY AN AMOUNT OF INTEREST EQUAL TO THE AMOUNT OF THE DEPOSIT**
4 **DIVIDED BY THE NUMBER OF MONTHS THAT THE DEPOSIT WAS HELD,**
5 **MULTIPLIED BY THE DAILY U.S. TREASURY YIELD CURVE RATE FOR 1 YEAR**
6 **THAT WAS IN EFFECT AS OF THE FIRST BUSINESS DAY OF THAT CALENDAR YEAR,**
7 **OR 1.5%, WHICHEVER IS GREATER.**

8 (3) (i) If a landlord fails to send the list of damages required by
9 paragraph (2) of this subsection, the right to withhold any part of the security deposit
10 for damages is forfeited.

11 (ii) If a landlord fails to return the security deposit as required
12 by paragraph (2) of this subsection, the tenant has an action of up to threefold of the
13 withheld amount, plus reasonable attorney's fees.

14 (4) Except to the extent specified, this subsection may not be
15 interpreted to alter the landlord's duties under subsections (e) and (g) of this section.

16 **(K) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**
17 **SHALL MAINTAIN ON ITS WEB SITE:**

18 **(1) A LIST OF DAILY U.S. TREASURY YIELD CURVE RATES FOR 1**
19 **YEAR, AS OF THE FIRST BUSINESS DAY OF EACH YEAR, TO BE USED IN**
20 **CALCULATING THE INTEREST ON A SECURITY DEPOSIT; OR**

21 **(2) A CALCULATOR THAT ALLOWS A LANDLORD TO CALCULATE**
22 **THE INTEREST ON A SECURITY DEPOSIT BY ENTERING A TENANCY START DATE,**
23 **A TENANCY END DATE, AND THE AMOUNT OF THE SECURITY DEPOSIT.**

24 8A-1001.

25 (f) (1) **(I)** Within 45 days after the end of the tenancy, the park owner
26 shall return the security deposit to the resident together with simple interest which
27 has accrued [in the amount of 3 percent per annum] **AT THE DAILY U.S. TREASURY**
28 **YIELD CURVE RATE FOR 1 YEAR, AS OF THE FIRST BUSINESS DAY OF EACH YEAR,**
29 **OR 1.5%, WHICHEVER IS GREATER,** less any damages rightfully withheld.

30 **(II) FOR ANY YEAR IN WHICH THE PARK OWNER HAS HELD**
31 **THE SECURITY DEPOSIT FOR LESS THAN THE FULL YEAR, THE LANDLORD SHALL**
32 **PAY AN AMOUNT OF INTEREST EQUAL TO THE AMOUNT OF THE DEPOSIT**
33 **DIVIDED BY THE NUMBER OF MONTHS THAT THE DEPOSIT WAS HELD,**
34 **MULTIPLIED BY THE DAILY U.S. TREASURY YIELD CURVE RATE FOR 1 YEAR**

1 **THAT WAS IN EFFECT AS OF THE FIRST BUSINESS DAY OF THAT CALENDAR YEAR,**
2 **OR 1.5%, WHICHEVER IS GREATER.**

3 (2) Interest shall accrue at 6-month intervals from the day the
4 resident gives the park owner the security deposit. Interest is not compounded.

5 (3) Interest shall be payable only on security deposits of \$50 or more.

6 (4) If the park owner, without a reasonable basis, fails to return any
7 part of the security deposit, plus accrued interest, within 45 days after the termination
8 of the tenancy, the resident has an action of up to threefold of the withheld amount,
9 plus reasonable attorney's fees.

10 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before October 1,
11 2014, the Department of Housing and Community Development shall report to the
12 Senate Judicial Proceedings Committee and the House Environmental Matters
13 Committee, in accordance with § 2-1246 of the State Government Article, on the
14 feasibility of maintaining on its Web site a calculator that allows a landlord to
15 calculate the interest on a security deposit by entering a tenancy start date, a tenancy
16 end date, and the amount of the security deposit.

17 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall be
18 construed to apply only prospectively and may not be applied or interpreted to have
19 any effect on or application to any residential leases entered into before the effective
20 date of this Act.

21 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 January 1, 2014.