

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 1280 (Delegate Hucker, *et al.*)
Environmental Matters

**Landlord and Tenant - Prohibited Lease Provisions - Renter's Insurance Naming
Landlord as Beneficiary**

This bill prohibits a landlord from using a residential lease that requires the tenant to carry renter's insurance naming the landlord as beneficiary.

Fiscal Summary

State Effect: Any increase in District Court caseloads can be handled with existing resources. Revenues are not materially affected.

Local Effect: The bill does not materially impact local government operations or finances.

Small Business Effect: Potential meaningful.

Analysis

Current Law: A landlord may not use a lease containing a provision that:

- has the tenant authorize any person to confess judgment on a claim arising out of the lease;
- has the tenant agree to waive or to forego any legal right or remedy;
- provides for a specified penalty for the late payment of rent;
- has the tenant waive the right to a jury trial;
- has the tenant agree to a period for landlord's notice to quit which is less than that provided by applicable law;

- authorizes the landlord to take possession of the leased premises, or the tenant's personal property, unless the lease has been terminated by action of the parties or by operation of law and the personal property has been abandoned by the tenant without the benefit of formal legal process;
- is against public policy and void by law; or
- permits a landlord to commence an eviction proceeding or issue a notice to quit solely as retaliation against any tenant for planning, organizing, or joining a tenant organization with the purpose of negotiating collectively with the landlord.

Any of the above prohibited lease provisions is unenforceable by the landlord. If a landlord tenders a lease that includes a prohibited provision or attempts to enforce or make known to the tenant an intent to enforce the prohibited provision, the tenant may recover any actual damages incurred, including reasonable attorney's fees.

Background: According to the U.S. Census Bureau, 33.5% of housing in the State was renter-occupied in 2012. The median monthly rent was \$1,170. In fiscal 2013, there were 641,940 landlord/tenant cases filed in District Court.

Small Business Effect: The bill may have a material negative impact on landlords that are small businesses to the extent that the landlords that previously had a provision that required the tenant to carry renter's insurance naming the landlord as beneficiary in their leases incur costs that are otherwise not recoverable but for the renter's insurance.

Additional Information

Prior Introductions: HB 315 of 2013, a similar bill that also included provisions for rent stabilization and just cause eviction, received a hearing in the House Environmental Matters Committee where no further action was taken.

Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division), Department of Housing and Community Development, Maryland Insurance Administration, Judiciary (Administrative Office of the Courts), Department of Legislative Services

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ncs/kdm

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