N15lr2782 CF 5lr2101

By: Senator Edwards

Introduced and read first time: February 13, 2015

Assigned to: Rules

## A BILL ENTITLED

1 AN ACT concerning

## 2 Landlord and Tenant - Security Deposit - Use for Unpaid Water and Sewer Bills

- FOR the purpose of authorizing a landlord to withhold all or part of a security deposit under 4 a residential lease for unpaid water and sewer bills if water and sewer bills are required to be paid by the tenant under the lease; making conforming changes to provisions relating to purchasing a surety bond instead of paying all or part of a security deposit; altering the definition of "security deposit"; and generally relating to security deposits under residential leases.
- 9 BY repealing and reenacting, with amendments,
- 10 Article – Real Property
- 11 Section 8–203(a), (f)(1)(i), and (i)(2)(i), (4), and (6)
- 12 Annotated Code of Maryland
- (2010 Replacement Volume and 2014 Supplement) 13
- 14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
- 15 That the Laws of Maryland read as follows:

## 16 Article - Real Property

8-203.17

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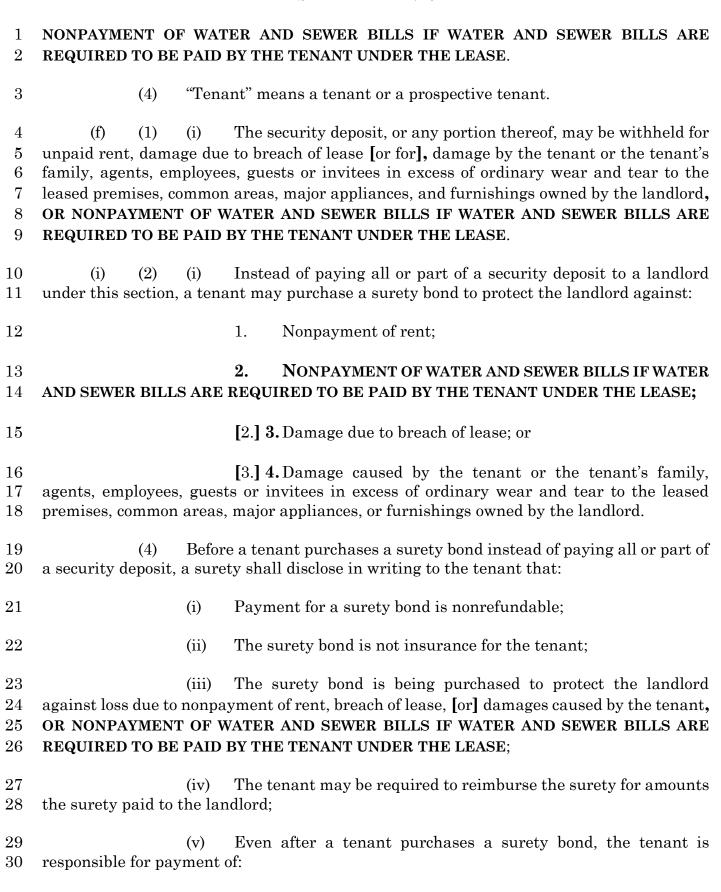
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- 18 (a) In this section the following words have the meanings indicated. (1)
- 19 (2)"Landlord" means a landlord or a prospective landlord.
- 20 "Security deposit" means any payment of money, including payment of 21the last month's rent in advance of the time it is due, given to a landlord by a tenant in
- 22 order to protect the landlord against nonpayment of rent, damage due to breach of lease,
- 23 [or] damage to the leased premises, common areas, major appliances, and furnishings, OR



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All unpaid rent;

$\frac{1}{2}$	2. ALL UNPAID WATER AND SEWER BILLS IF WATER AND SEWER BILLS ARE REQUIRED TO BE PAID BY THE TENANT UNDER THE LEASE;
3	[2.] 3. Damage due to breach of lease; and
4 5 6	[3.] <b>4.</b> Damage by the tenant or the tenant's family, agents, employees, guests, or invitees in excess of ordinary wear and tear to the leased premises, common areas, major appliances, or furnishings owned by the landlord;
7 8 9	(vi) The tenant has the right to pay the damages directly to the landlord or require the landlord to use the tenant's security deposit, if any, before the landlord makes a claim against the surety bond; and
10 11 12	(vii) If the surety fails to comply with the requirements of this paragraph, the surety forfeits the right to make any claim against the tenant under the surety bond.
13	(6) (i) A surety bond may be used to pay claims by a landlord for:
14	1. Unpaid rent;
15 16	2. Unpaid water and sewer bills if water and sewer bills are required to be paid by the tenant under the lease;
17	[2.] 3. Damage due to breach of lease; or
18 19 20	[3.] <b>4.</b> Damage by the tenant or the tenant's family, agents, employees, guests, or invitees in excess of ordinary wear and tear to the leased premises, common areas, major appliances, or furnishings owned by the landlord.
21 22 23	(ii) A surety bond does not represent liquidated damages and may not be used as payment to a landlord for breach of the rental agreement, except in the amount that the landlord is actually damaged by the breach.
24 25	(iii) Except as provided in subparagraphs (i) and (ii) of this paragraph, a surety may not, directly or indirectly, make any other payment to a landlord.
26 27	SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, $2015$ .