



**Bill Title:** Senate Bill 563, Real Property – Actions to Repossess – Judgment for Tenants and Proof of Rental Licensure

**Committee:** Judicial Proceedings Committee

**Date:** February 22, 2022

**Position:** Favorable with Amendments

This testimony is offered on behalf of the Maryland Multi-Housing Association (MMHA). MMHA is a professional trade association established in 1996, whose members consist of owners and managers of more than 210,000 rental housing homes in over 958 apartment communities. Our members house over 538,000 residents of the State of Maryland. MMHA also represents over 250 associate member companies who supply goods and services to the multi-housing industry including towing companies.

Under this bill, if a court determines that a landlord asserted a breach of lease in bad faith or without substantial justification, the court may enter judgment for the tenant and award costs and expenses, including attorney's fees. Further, in a jurisdiction that requires a rental residential license, on the filing of a written complaint to repossess residential property, the landlord must submit to the clerk of the district court in the county where the property is located records demonstrating that the property is licensed in compliance with applicable local rental licensing requirements. Except for a breach of lease matter, at trial, the landlord must prove by a preponderance of the evidence that the property listed in the written complaint is licensed with the jurisdiction or is exempt from applicable licensing requirements. To satisfy the requirements, a landlord may provide electronic proof of licensure. a temporary or provisional license in any form is insufficient proof of licensure.

MMHA supports the intent of this bill. However, MMHA has the following concerns with the bill:

1. Award of Costs, Expenses, Including Attorneys Fees: MMHA has consistently supported judicial discretion when it comes to the award of fees and expenses, including attorney's fees. As this bill would hold a landlord potentially responsible for fees and expenses when asserting a claim in bad faith or without substantial justification, we would ask that the bill allow the court the same discretion if the tenant's defense is in bad faith or without substantial justification. **See attached amendment.**
2. Time of Filing: The housing provider should submit the rental registration records at trial, before the court, and not at the time of filing the failure to pay rent action before a clerk of the court (page 5, line 21). The bill, in fact, makes clear that that the housing



provider's burden must be demonstrated at trial (page 5, line 29). **We would strike page 5, lines 18-26.**

- 3. Provisional or Temporary License:** Additionally, due to technical issues, some jurisdictions use or may need to use provisional or temporary licenses. For instance in Baltimore, rental registration licenses cannot be renewed until July 2022, at the earliest. Prohibiting this form of a license, if a local jurisdiction issued such, would chill a housing provider's right to access the impartial justice system. MMHA members have no control over whether a local jurisdiction issues a provisional or temporary license. We should not be precluded from pursuing our legal rights as a result. **We would urge striking that language on page 6, lines 1-2.**

For the foregoing reasons, MMHA respectfully requests a **favorable report with amendments on Senate Bill 563.**

**Aaron J. Greenfield, MMHA Director of Government Affairs, 410.446.1992**



## AMENDMENTS TO SENATE BILL 563

### AMENDMENT No. 1

On page 4, lines 25-28 strike; On page 4, line 25 after “(2)” insert “IF THE COURT DETERMINES THAT IN A BREACH OF LEASE UNDER SUBSECTION (A)(1)(I)2B OF THIS SECTION EITHER PARTY ASSERTED A CLAIM OR DEFENSE IN BAD FAITH OR WITHOUT SUBSTANTIAL JUSTIFICATION, THE COURT MAY ENTER JUDGMENT FOR THE ADVERSE PARTY AND AWARD COSTS AND EXPENSES, INCLUDING ATTORNEY’S FEES.”

### AMENDMENT No. 2

On page 5, strike line 18 through and including line 26.

### AMENDMENT No. 3

On page 6, strike line 1 through and including line 2.