

The **HOLLAND LAW FIRM**  
for Consumer Rights

Emanwel J. Turnbull  
Attorney at Law  
eturnbull@hollandlawfirm.com

The Holland Law Firm, P.C.  
Mailing Address:  
914 Bay Ridge Rd, Ste 230  
Annapolis, MD 21403

**Testimony to the Senate Judicial Proceedings Committee**  
**SB1167**  
**Position: UNFAVORABLE**

April 2, 2024

Senate Judicial Proceedings Committee  
2 East  
Miller Senate Office Building  
Annapolis, MD 21401  
cc: Members, Senate Judicial Proceedings Committee

Honorable Chair Smith and Members of the Committee:

The Holland Law Firm, P.C. is a consumer rights law firm, serving ordinary Marylanders impacted by bad business practices.

We oppose SB1167. This bill allows landlords to charge tenants an extra, non-refundable monthly fee, instead of a security deposit. Of course, landlords can already do this: they can choose to charge a higher monthly rent, and non-security deposit.

The real function of this bill is to introduce third-party insurers chosen by *landlords* not *tenants*, into the landlord-tenant relationship. Md Code Ann., Real Prop. §8-203(i) already allows *tenants* to purchase surety bonds from insurers of their choice. SB1167 would allow the landlord to choose the insurer instead. This will lead to abuses:

- Insurers under SB1167 will have no incentive to maintain a good reputation with tenants, because tenants will have no role in choosing their insurer. But insurers will face collection activity and litigation with the insurer if it allows an insurance claim.
- Landlords under SB1167 will be able to charge more than insurance costs. The Amount of the “fee in lieu” under SB1167 is not required to bear any relationship to the costs of the insurance the landlord obtains. Landlords will be able to profit from the fee, which is not true of security deposits or surety bonds.
- Tenants under SB1167 would pay more in the long term. The bill limits the “fee in lieu” to the equivalent of 2 months rent “over a single tenancy.” But tenancies are often renewed, and over many years, tenants would pay far more in non-refundable fees in lieu than they would in a refundable security deposit.
- Tenants under SB1167 would face two rounds of collection for alleged breach of lease cases involving substantial sums of money. A major participant in this market, LeaseLock, submitted testimony in 2021, explaining that it wrote insurance for \$5,000 in rent and \$500 in physical damage. In our experience, it

is not unusual for landlords to seek more than these amounts, especially in alleged physical damage. Under the SB1167 scheme, the insurer would pay out the limits of its policy to the landlord, and demand that the tenant pay the remainder, while at the same time, the landlord would demand that the tenant pay the excess, beyond the policy limits, even to the extent that a tenant could have two separate collection entries made on their credit reports and two separate lawsuits filed against them from the same transaction.

The General Assembly has rejected legislation like this before. See 2021 SB892. It should do so again with SB 1167

We urge an unfavorable report.

By:

/s/ *Emanwel J. Turnbull*

Emanwel J. Turnbull  
THE HOLLAND LAW FIRM, P.C.  
914 Bay Ridge Rd, Ste 230  
Annapolis, MD 21403  
Telephone: (410) 280-6133  
Facsimile: (410) 280-8650  
[eturnbull@hollandlawfirm.com](mailto:eturnbull@hollandlawfirm.com)