

(PRE-FILED)

By: **Delegate Hutchins**
Requested: November 3, 1999
Introduced and read first time: January 12, 2000
Assigned to: Economic Matters

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; requiring the interest rate under this Act to be adjusted at
5 certain times; and generally relating to security deposits under residential
6 leases.

7 BY repealing and reenacting, with amendments,
8 Article - Real Property
9 Section 8-203(e)
10 Annotated Code of Maryland
11 (1996 Replacement Volume and 1999 Supplement)

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

14 **Article - Real Property**

15 8-203.

16 (e) (1) (I) Within 45 days after the end of the tenancy, the landlord shall
17 return the security deposit to the tenant together with simple interest which has
18 accrued [in the amount of 4 percent per annum,] AT THE RATE PROVIDED IN
19 SUBPARAGRAPH (II) OF THIS PARAGRAPH, less any damages rightfully withheld.

20 (II) 1. THE INTEREST RATE PAID ON A SECURITY DEPOSIT UNDER
21 SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE THE PASSBOOK RATE THEN
22 PREVAILING IN THE FINANCIAL INSTITUTION WHERE THE SECURITY DEPOSIT IS
23 HELD IN AN ACCOUNT.

24 2. THE INTEREST RATE UNDER THIS SUBPARAGRAPH SHALL
25 BE THE RATE PREVAILING ON JANUARY 1 AND JULY 1 OF EACH YEAR FOR EACH
26 SIX-MONTH PERIOD, OR PART OF EACH SIX-MONTH PERIOD, OF THE TENANCY
27 WHICH FOLLOWS THOSE DATES.

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

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

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

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 October 1, 2000.