
By: **Delegates Pendergrass and Gordon**
Introduced and read first time: February 22, 2001
Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Real Property - Commercial Rental Property - Escrow Account**

3 FOR the purpose of requiring that commercial landlords deposit certain security
4 deposits from commercial tenants into a certain escrow account; defining
5 certain terms; and generally relating to requiring commercial landlords to
6 deposit security deposits from commercial tenants into an escrow account.

7 BY adding to
8 Article - Real Property
9 Section 8-118.2
10 Annotated Code of Maryland
11 (1996 Replacement Volume and 2000 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 8-118.2.

16 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
17 INDICATED.

18 (2) "COMMERCIAL PROPERTY" MEANS LAND, AND ANY IMPROVEMENTS
19 ON THE LAND, USED OR INTENDED TO BE USED FOR A NONRESIDENTIAL PURPOSE.

20 (3) "COMMERCIAL TENANT" MEANS A TENANT UNDER A COMMERCIAL
21 LEASE.

22 (4) "SECURITY DEPOSIT" MEANS ANY PAYMENT OF MONEY, INCLUDING
23 PAYMENT OF THE LAST MONTH'S RENT IN ADVANCE OF THE TIME IT IS DUE, GIVEN
24 TO AN OWNER BY A COMMERCIAL TENANT IN ORDER TO PROTECT THE OWNER
25 AGAINST NONPAYMENT OF RENT, DAMAGE DUE TO BREACH OF LEASE, OR DAMAGE
26 TO THE LEASED COMMERCIAL PROPERTY.

1 (5) "COMMERCIAL LANDLORD" MEANS THE OWNER OF THE
2 COMMERCIAL PROPERTY.

3 (B) A COMMERCIAL LANDLORD SHALL DEPOSIT OR HOLD A SECURITY
4 DEPOSIT RECEIVED FROM A COMMERCIAL TENANT INTO AN ESCROW ACCOUNT
5 SEGREGATED FROM THE OPERATING FUNDS OF THE COMMERCIAL LANDLORD TO
6 ASSURE THE RETURN OF THE SECURITY DEPOSIT TO THE COMMERCIAL TENANT IN
7 THE EVENT THE COMMERCIAL TENANT BECOMES ENTITLED TO A RETURN OF THE
8 SUM.

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 October 1, 2001.