
By: **Delegate Brown**
Introduced and read first time: January 30, 2002
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Real Property - Residential Lease - Application Fee and Holding Charge**

3 FOR the purpose of altering a fee a landlord may charge a prospective residential
4 tenant in addition to a security deposit; providing that the purpose of the fee is
5 to defray certain costs for processing a prospective tenant's application;
6 providing that a landlord may require a certain holding charge from a
7 prospective tenant in certain situations; providing the monetary limit of a
8 certain holding charge; providing that a landlord must return the holding
9 charge to a tenant in certain situations; providing for the application of this Act;
10 and generally relating to fees and charges that may be required in residential
11 lease applications.

12 BY repealing and reenacting, with amendments,
13 Article - Real Property
14 Section 8-213
15 Annotated Code of Maryland
16 (1996 Replacement Volume and 2001 Supplement)

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

19 **Article - Real Property**

20 8-213.

21 (a) An application for a lease shall contain a statement which explains:

22 (1) The liabilities which the tenant incurs upon signing the application;
23 and

24 (2) The provisions of subsections [(b) and (c)] (B), (C), AND (D) of this
25 section.

26 (b) (1) (i) [If a] A landlord [requires] MAY REQUIRE from a prospective
27 tenant [any fees other than] A FEE IN ADDITION TO a security deposit as defined by

1 § 8-203(a) of this [subtitle, and these fees exceed \$25,] SUBTITLE TO DEFRAY THE
2 LANDLORD'S COST OF PROCESSING AN APPLICATION FOR A RENTAL UNIT.

3 (II) IF THE APPLICATION FEE EXCEEDS \$50, then the landlord shall
4 return the [fees] FEE, subject to the exceptions below, or be liable for twice the
5 amount of the [fees] FEE in damages.

6 [(ii)] (III) The return shall be made not later than 15 days following
7 the date of occupancy or the written communication, by either party to the other, of a
8 decision that no tenancy shall occur.

9 (2) The landlord may retain only that portion of the [fees] FEE actually
10 expended for [a credit check] INVESTIGATIVE REPORTS or other expenses arising out
11 of the application, and shall return that portion of the [fees] FEE not actually
12 expended on behalf of the tenant making application.

13 (c) (1) THE LANDLORD MAY REQUIRE FROM A PROSPECTIVE TENANT A
14 HOLDING CHARGE TO DEFRAY ANY COST TO THE LANDLORD IF THE PROSPECTIVE
15 TENANT'S APPLICATION IS ACCEPTED AND THE PROSPECTIVE TENANT,
16 THEREAFTER, FAILS OR REFUSES TO TAKE OCCUPANCY.

17 (2) A HOLDING CHARGE MAY NOT EXCEED 50% OF 1 MONTH'S RENT AS
18 AGREED UPON BY THE PROSPECTIVE TENANT AND MAY BE IN ADDITION TO THE
19 SECURITY DEPOSIT, FIRST MONTH'S RENT, AND APPLICATION FEE.

20 (3) IF NO LOSS IS SUSTAINED BY THE LANDLORD WITH RESPECT TO THE
21 HOLDING CHARGE, THAT AMOUNT:

22 (I) MUST BE RETURNED TO THE TENANT WITHIN 30 DAYS AFTER
23 THE TENANT TAKES POSSESSION OF THE APARTMENT AS ORIGINALLY AGREED; OR

24 (II) MAY BE CREDITED TO THE TENANT'S ACCOUNT.

25 (D) This section does not apply to any landlord who offers four or less dwelling
26 units for rent on one parcel of property or at one location, or to seasonal or
27 condominium rentals.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
29 construed to apply only prospectively and may not be applied or interpreted to have
30 any effect on or application to any residential lease application made before the
31 effective date of this Act.

32 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
33 July 1, 2002.