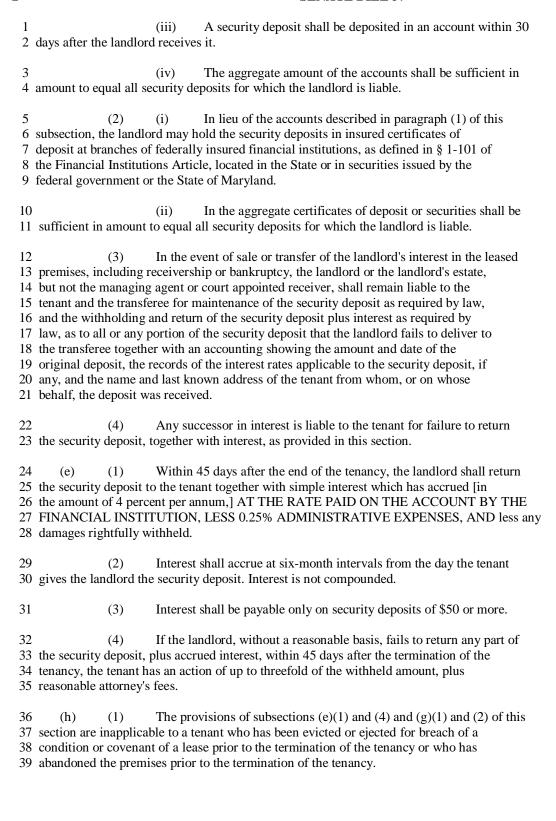
Unofficial Copy N1 2003 Regular Session 3lr0552

By: Senator Munson Introduced and read first time: January 17, 2003 Assigned to: Judicial Proceedings 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 residential lease; allowing for certain administrative expenses to be retained by 4 5 the landlord; providing for the application of this Act; and generally relating to 6 the interest paid on security deposits under residential leases. 7 BY repealing and reenacting, without amendments, Article - Real Property 8 Section 8-203(d) 9 10 Annotated Code of Maryland (1996 Replacement Volume and 2002 Supplement) 11 12 BY repealing and reenacting, with amendments, Article - Real Property 13 14 Section 8-203(e) and (h) 15 Annotated Code of Maryland (1996 Replacement Volume and 2002 Supplement) 16 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 8-203. 21 The landlord shall maintain all security deposits in federally (d) 22 insured financial institutions, as defined in § 1-101 of the Financial Institutions 23 Article, which do business in the State. 24 (ii) Security deposit accounts shall be maintained in branches of

25 the financial institutions which are located within the State and the accounts shall be

26 devoted exclusively to security deposits and bear interest.

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25 effect October 1, 2003.

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	(2) (i) A tenant specified in paragraph (1) of this subsection may demand return of the security deposit by giving written notice by first-class mail to the landlord within 45 days of being evicted or ejected or of abandoning the premises.
4	(ii) The notice shall specify the tenant's new address.
7 8 9 10	(iii) The landlord, within 45 days of receipt of such notice, shall present, by first-class mail to the tenant, a written list of the damages claimed under subsection (f)(1) of this section together with a statement of the costs actually incurred and shall return to the tenant the security deposit together with simple interest which has accrued [in the amount of 4 percent per annum,] AT THE RATE PAID ON THE ACCOUNT BY THE FINANCIAL INSTITUTION, LESS 0.25% ADMINISTRATIVE EXPENSES, AND less any damages rightfully withheld.
	(3) (i) If a landlord fails to send the list of damages required by paragraph (2) of this subsection, the right to withhold any part of the security deposit for damages is forfeited.
	(ii) If a landlord fails to return the security deposit as required by paragraph (2) of this subsection, the tenant has an action of up to threefold of the withheld amount, plus reasonable attorney's fees.
18 19	(4) Except to the extent specified, this subsection may not be interpreted to alter the landlord's duties under subsections (e) and (g) of this section.
22	SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to apply only prospectively and may not be applied or interpreted to have any effect on or application to any residential lease entered into before the effective date of this Act.
24	SECTION 3 AND BE IT FURTHER ENACTED. That this Act shall take