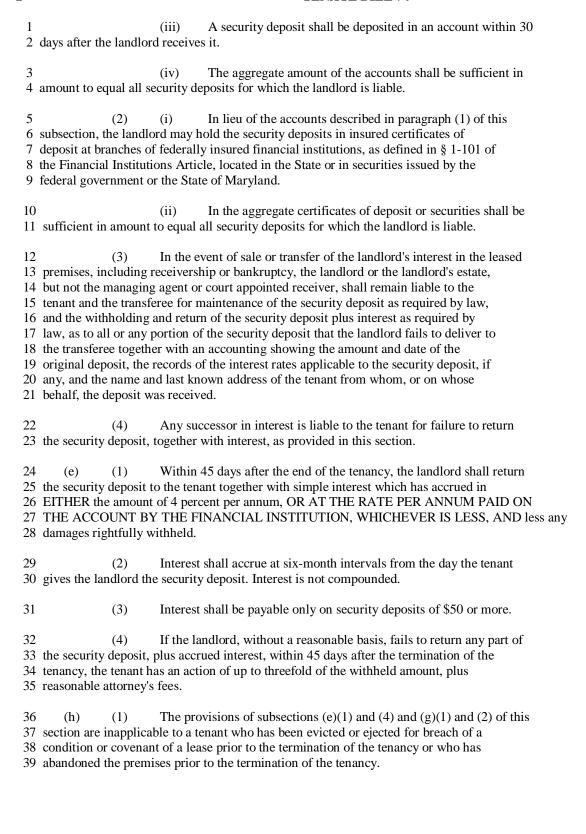
Unofficial Copy N1 2003 Regular Session 3lr0336

By: Senators Stone and Della Introduced and read first time: January 20, 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; requiring the interest rate to be either the current statutory 4 5 interest rate or the interest rate paid on the account per annum by the financial 6 institution in which the security deposit is held, whichever is less; providing for the application of this Act; and generally relating to security deposits under 7 8 residential leases. 9 BY repealing and reenacting, without amendments, Article - Real Property 10 Section 8-203(d) 11 Annotated Code of Maryland 12 (1996 Replacement Volume and 2002 Supplement) 13 14 BY repealing and reenacting, with amendments, Article - Real Property 15 16 Section 8-203(e) and (h) 17 Annotated Code of Maryland 18 (1996 Replacement Volume and 2002 Supplement) 19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF 20 MARYLAND, That the Laws of Maryland read as follows: 21 **Article - Real Property** 22 8-203. 23 (d) (1)The landlord shall maintain all security deposits in federally 24 insured financial institutions, as defined in § 1-101 of the Financial Institutions 25 Article, which do business in the State. 26 Security deposit accounts shall be maintained in branches of (ii) 27 the financial institutions which are located within the State and the accounts shall be

28 devoted exclusively to security deposits and bear interest.

## **SENATE BILL 74**



## SENATE BILL 74

1	(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 EITHER the amount of 4 percent per annum, OR AT THE RATE PER ANNUM PAID ON THE ACCOUNT BY THE FINANCIAL INSTITUTION, WHICHEVER IS LESS, 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 25	SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2003.