

By: **Senator Haines**

Introduced and read first time: February 4, 2004

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 rate of interest on a security deposit that a landlord
4 is required to pay to a tenant within a certain amount of time after the end of a
5 tenancy by requiring the landlord to pay to the tenant simple interest that has
6 accrued in the amount of the Federal Reserve Discount Rate as of a certain date;
7 making a stylistic change; and generally relating to interest on security deposits
8 on residential leases.

9 BY repealing and reenacting, with amendments,
10 Article - Real Property
11 Section 8-203(e)
12 Annotated Code of Maryland
13 (2003 Replacement Volume and 2003 Supplement)

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

16 **Article - Real Property**

17 8-203.

18 (e) (1) Within 45 days after the end of the tenancy, the landlord shall return
19 the security deposit to the tenant together with simple interest which has accrued in
20 the amount of [4 percent per annum] THE FEDERAL RESERVE DISCOUNT RATE AS OF
21 JANUARY 1 OF EACH YEAR OF THE TENANCY, less any damages rightfully withheld.

22 (2) Interest shall accrue at [six-month] 6-MONTH intervals from the
23 day the tenant gives the landlord the security deposit. Interest is not compounded.

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

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

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2004.