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By: **Delegate Vallario**  
 Introduced and read first time: February 10, 2005  
 Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Consumer Protection - Rental Assistance Services - Escrow Accounts**

3 FOR the purpose of requiring a seller of rental assistance services to deposit in an  
 4 escrow account money collected from a tenant for use in paying rent to the  
 5 landlord of a residential rental unit; imposing certain restrictions on funds  
 6 deposited in an escrow account under certain circumstances; requiring a seller  
 7 to make timely payments of rent due to a landlord under certain circumstances;  
 8 requiring a seller to designate a contact to whom a tenant may direct complaints  
 9 and inquiries; imposing certain liability on a seller for the seller's failure to  
 10 comply with this Act; defining certain terms; and generally relating to consumer  
 11 protection and rental assistance services.

12 BY adding to  
 13 Article - Commercial Law  
 14 Section 13-319  
 15 Annotated Code of Maryland  
 16 (2000 Replacement Volume and 2004 Supplement)

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

19 **Article - Commercial Law**

20 13-319.

21 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
 22 INDICATED.

23 (2) "ESCROW ACCOUNT" MEANS AN ACCOUNT AT A FINANCIAL  
 24 INSTITUTION WHICH TENDS TO PROTECT THE SECURITY OF A RESIDENTIAL RENTAL  
 25 AGREEMENT OR LEASE BY THE ACCUMULATION OF FUNDS FOR THE PAYMENT OF  
 26 RENT FOR A RESIDENTIAL RENTAL UNIT.

27 (3) "RENTAL ASSISTANCE SERVICES" MEANS:

1 (I) RENTING OR LEASING TO A TENANT A RESIDENTIAL RENTAL  
2 UNIT FOR A PERIOD LONGER THAN 3 MONTHS;

3 (II) COLLECTING MONEY FROM THE TENANT THAT INCLUDES THE  
4 RENT CHARGED BY THE LANDLORD FOR THE RESIDENTIAL RENTAL UNIT; AND

5 (III) MAKING THE RENT PAYMENTS TO THE LANDLORD OF THE  
6 RESIDENTIAL RENTAL UNIT ON BEHALF OF THE TENANT.

7 (4) (I) "SELLER" MEANS A PERSON, OR AN AGENT, REPRESENTATIVE,  
8 OR EMPLOYEE OF A PERSON, WHO SELLS RENTAL ASSISTANCE SERVICES.

9 (II) "SELLER" DOES NOT INCLUDE A LANDLORD.

10 (5) "TENANT" MEANS AN INDIVIDUAL WHO:

11 (I) BUYS RENTAL ASSISTANCE SERVICES; AND

12 (II) MAKES RENT PAYMENTS FOR A RESIDENTIAL RENTAL UNIT TO  
13 A SELLER AND NOT TO THE LANDLORD OF THE RESIDENTIAL RENTAL UNIT.

14 (B) (1) A SELLER SHALL DEPOSIT IN AN ESCROW ACCOUNT MONEY  
15 COLLECTED FROM A TENANT FOR USE IN PAYING RENT TO THE LANDLORD OF A  
16 RESIDENTIAL RENTAL UNIT.

17 (2) FUNDS DEPOSITED IN AN ESCROW ACCOUNT ESTABLISHED UNDER  
18 THIS SUBSECTION:

19 (I) MAY NOT BE USED FOR ANY OTHER PURPOSE; AND

20 (II) SHALL BE KEPT SEPARATE FROM AND MAY NOT BE  
21 COMMINGLED WITH THE FUNDS OF THE SELLER.

22 (3) A SELLER MAY DEPOSIT ESCROW FUNDS RECEIVED IN CONNECTION  
23 WITH MORE THAN ONE TENANT INTO A SINGLE ESCROW ACCOUNT.

24 (4) IN THE EVENT OF THE BANKRUPTCY OF THE SELLER, ANY FUNDS  
25 DEPOSITED IN AN ESCROW ACCOUNT FOR USE IN PAYING RENT ON BEHALF OF A  
26 TENANT MAY NOT BE CONSIDERED TO BE PART OF THE BANKRUPT ESTATE OF THE  
27 SELLER.

28 (5) A SELLER MAY NOT IMPOSE ON A TENANT A COLLECTION FEE OR  
29 SERVICE CHARGE FOR THE MAINTENANCE OF AN ESCROW ACCOUNT.

30 (C) A SELLER SHALL MAKE TIMELY PAYMENTS OF THE RENT DUE TO THE  
31 LANDLORD OF A RESIDENTIAL RENTAL UNIT SO LONG AS THE TENANT HAS PAID AN  
32 AMOUNT SUFFICIENT TO PAY THE RENT DUE.

33 (D) (1) A SELLER SHALL DESIGNATE A CONTACT TO WHOM A TENANT MAY  
34 DIRECT COMPLAINTS AND INQUIRIES.

1           (2)     THE CONTACT SHALL RESPOND IN WRITING TO EACH WRITTEN  
2 COMPLAINT OR INQUIRY WITHIN 15 DAYS.

3     (E)     IF A SELLER FAILS TO COMPLY WITH ANY PROVISION OF THIS SECTION,  
4 THE SELLER IS LIABLE FOR ANY ECONOMIC DAMAGES CAUSED BY THE VIOLATION.

5     SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
6 October 1, 2005.