

SENATE BILL 745

N1

5lr2782
CF 5lr2101

By: **Senator Edwards**

Introduced and read first time: February 13, 2015

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Landlord and Tenant – Security Deposit – Use for Unpaid Water and Sewer Bills**

3 FOR the purpose of authorizing a landlord to withhold all or part of a security deposit under
4 a residential lease for unpaid water and sewer bills if water and sewer bills are
5 required to be paid by the tenant under the lease; making conforming changes to
6 provisions relating to purchasing a surety bond instead of paying all or part of a
7 security deposit; altering the definition of “security deposit”; and generally relating
8 to security deposits under residential leases.

9 BY repealing and reenacting, with amendments,
10 Article – Real Property
11 Section 8–203(a), (f)(1)(i), and (i)(2)(i), (4), and (6)
12 Annotated Code of Maryland
13 (2010 Replacement Volume and 2014 Supplement)

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

Article – Real Property

16 8–203.

17 (a) (1) In this section the following words have the meanings indicated.

18 (2) “Landlord” means a landlord or a prospective landlord.

19 (3) “Security deposit” means any payment of money, including payment of
20 the last month’s rent in advance of the time it is due, given to a landlord by a tenant in
21 order to protect the landlord against nonpayment of rent, damage due to breach of lease,
22 [or] damage to the leased premises, common areas, major appliances, and furnishings, **OR**
23

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **NONPAYMENT OF WATER AND SEWER BILLS IF WATER AND SEWER BILLS ARE**
2 **REQUIRED TO BE PAID BY THE TENANT UNDER THE LEASE.**

3 (4) "Tenant" means a tenant or a prospective tenant.

4 (f) (1) (i) The security deposit, or any portion thereof, may be withheld for
5 unpaid rent, damage due to breach of lease [or for], damage by the tenant or the tenant's
6 family, agents, employees, guests or invitees in excess of ordinary wear and tear to the
7 leased premises, common areas, major appliances, and furnishings owned by the landlord,
8 **OR NONPAYMENT OF WATER AND SEWER BILLS IF WATER AND SEWER BILLS ARE**
9 **REQUIRED TO BE PAID BY THE TENANT UNDER THE LEASE.**

10 (i) (2) (i) Instead of paying all or part of a security deposit to a landlord
11 under this section, a tenant may purchase a surety bond to protect the landlord against:

12 1. Nonpayment of rent;

13 2. **NONPAYMENT OF WATER AND SEWER BILLS IF WATER**
14 **AND SEWER BILLS ARE REQUIRED TO BE PAID BY THE TENANT UNDER THE LEASE;**

15 [2.] 3. Damage due to breach of lease; or

16 [3.] 4. Damage caused by the tenant or the tenant's family,
17 agents, employees, guests or invitees in excess of ordinary wear and tear to the leased
18 premises, common areas, major appliances, or furnishings owned by the landlord.

19 (4) Before a tenant purchases a surety bond instead of paying all or part of
20 a security deposit, a surety shall disclose in writing to the tenant that:

21 (i) Payment for a surety bond is nonrefundable;

22 (ii) The surety bond is not insurance for the tenant;

23 (iii) The surety bond is being purchased to protect the landlord
24 against loss due to nonpayment of rent, breach of lease, [or] damages caused by the tenant,
25 **OR NONPAYMENT OF WATER AND SEWER BILLS IF WATER AND SEWER BILLS ARE**
26 **REQUIRED TO BE PAID BY THE TENANT UNDER THE LEASE;**

27 (iv) The tenant may be required to reimburse the surety for amounts
28 the surety paid to the landlord;

29 (v) Even after a tenant purchases a surety bond, the tenant is
30 responsible for payment of:

31 1. All unpaid rent;

1 **2. ALL UNPAID WATER AND SEWER BILLS IF WATER AND**
2 **SEWER BILLS ARE REQUIRED TO BE PAID BY THE TENANT UNDER THE LEASE;**

3 **[2.] 3.** Damage due to breach of lease; and

4 **[3.] 4.** Damage by the tenant or the tenant's family, agents,
5 employees, guests, or invitees in excess of ordinary wear and tear to the leased premises,
6 common areas, major appliances, or furnishings owned by the landlord;

7 (vi) The tenant has the right to pay the damages directly to the
8 landlord or require the landlord to use the tenant's security deposit, if any, before the
9 landlord makes a claim against the surety bond; and

10 (vii) If the surety fails to comply with the requirements of this
11 paragraph, the surety forfeits the right to make any claim against the tenant under the
12 surety bond.

13 (6) (i) A surety bond may be used to pay claims by a landlord for:

14 1. Unpaid rent;

15 **2. UNPAID WATER AND SEWER BILLS IF WATER AND**
16 **SEWER BILLS ARE REQUIRED TO BE PAID BY THE TENANT UNDER THE LEASE;**

17 **[2.] 3.** Damage due to breach of lease; or

18 **[3.] 4.** Damage by the tenant or the tenant's family, agents,
19 employees, guests, or invitees in excess of ordinary wear and tear to the leased premises,
20 common areas, major appliances, or furnishings owned by the landlord.

21 (ii) A surety bond does not represent liquidated damages and may
22 not be used as payment to a landlord for breach of the rental agreement, except in the
23 amount that the landlord is actually damaged by the breach.

24 (iii) Except as provided in subparagraphs (i) and (ii) of this
25 paragraph, a surety may not, directly or indirectly, make any other payment to a landlord.

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
27 October 1, 2015.