

HOUSE BILL 1059

N1

6lr2297

By: **Delegates Morales, Carr, Cullison, Ebersole, Fennell, Fraser–Hidalgo, Frush, Gutierrez, Healey, Hill, Hixson, C. Howard, Jalisi, Knotts, Lafferty, Lam, Moon, S. Robinson, Sanchez, Tarlau, A. Washington, and M. Washington**

Introduced and read first time: February 11, 2016

Assigned to: Environment and Transportation

Committee Report: Favorable

House action: Adopted

Read second time: March 8, 2016

CHAPTER _____

1 AN ACT concerning

2 **Landlord and Tenant – Security Deposit – Contents of Lease**

3 FOR the purpose of requiring a written lease for residential property to include a certain
4 receipt for the security deposit under certain circumstances; making a stylistic
5 change; and generally relating to security deposits and leases for residential
6 property.

7 BY repealing and reenacting, without amendments,

8 Article – Real Property

9 Section 8–203(a), (e), (f), and (g), 8–203.1, and 8–208(a) and (b)

10 Annotated Code of Maryland

11 (2015 Replacement Volume)

12 BY repealing and reenacting, with amendments,

13 Article – Real Property

14 Section 8–203(c) and 8–208(c)

15 Annotated Code of Maryland

16 (2015 Replacement Volume)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

18 That the Laws of Maryland read as follows:

19 **Article – Real Property**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 8–203.

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

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

4 (3) “Security deposit” means any payment of money, including payment of
5 the last month’s rent in advance of the time it is due, given to a landlord by a tenant in
6 order to protect the landlord against nonpayment of rent, damage due to breach of lease, or
7 damage to the leased premises, common areas, major appliances, and furnishings.

8 (4) “Tenant” means a tenant or a prospective tenant.

9 (c) (1) The landlord shall give the tenant a receipt for the security deposit as
10 specified in § 8–203.1 of this subtitle.

11 (2) The receipt [may] **SHALL** be included in a written lease.

12 (e) (1) Within 45 days after the end of the tenancy, the landlord shall return
13 the security deposit to the tenant together with simple interest which has accrued at the
14 daily U.S. Treasury yield curve rate for 1 year, as of the first business day of each year, or
15 1.5% a year, whichever is greater, less any damages rightfully withheld.

16 (2) (i) Except as provided in subparagraph (ii) of this paragraph,
17 interest shall accrue at monthly intervals from the day the tenant gives the landlord the
18 security deposit. Interest is not compounded.

19 (ii) No interest is due or payable:

20 1. Unless the landlord has held the security deposit for at
21 least 6 months; or

22 2. For any period less than a full month.

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

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

28 (f) (1) (i) The security deposit, or any portion thereof, may be withheld for
29 unpaid rent, damage due to breach of lease or for damage by the tenant or the tenant’s
30 family, agents, employees, guests or invitees in excess of ordinary wear and tear to the
31 leased premises, common areas, major appliances, and furnishings owned by the landlord.

1 (ii) The tenant has the right to be present when the landlord or the
2 landlord's agent inspects the premises in order to determine if any damage was done to the
3 premises, if the tenant notifies the landlord by certified mail of the tenant's intention to
4 move, the date of moving, and the tenant's new address.

5 (iii) The notice to be furnished by the tenant to the landlord shall be
6 mailed at least 15 days prior to the date of moving.

7 (iv) Upon receipt of the notice, the landlord shall notify the tenant by
8 certified mail of the time and date when the premises are to be inspected.

9 (v) The date of inspection shall occur within five days before or five
10 days after the date of moving as designated in the tenant's notice.

11 (vi) The tenant shall be advised of the tenant's rights under this
12 subsection in writing at the time of the tenant's payment of the security deposit.

13 (vii) Failure by the landlord to comply with this requirement forfeits
14 the right of the landlord to withhold any part of the security deposit for damages.

15 (2) The security deposit is not liquidated damages and may not be forfeited
16 to the landlord for breach of the rental agreement, except in the amount that the landlord
17 is actually damaged by the breach.

18 (3) In calculating damages for lost future rents any amount of rents
19 received by the landlord for the premises during the remainder if any, of the tenant's term,
20 shall reduce the damages by a like amount.

21 (g) (1) If any portion of the security deposit is withheld, the landlord shall
22 present by first-class mail directed to the last known address of the tenant, within 45 days
23 after the termination of the tenancy, a written list of the damages claimed under subsection
24 (f)(1) of this section together with a statement of the cost actually incurred.

25 (2) If the landlord fails to comply with this requirement, the landlord
26 forfeits the right to withhold any part of the security deposit for damages.

27 8-203.1.

28 (a) A receipt for a security deposit shall notify the tenant of the following:

29 (1) The right to have the dwelling unit inspected by the landlord in the
30 tenant's presence for the purpose of making a written list of damages that exist at the
31 commencement of the tenancy if the tenant so requests by certified mail within 15 days of
32 the tenant's occupancy;

33 (2) The right to be present when the landlord inspects the premises at the
34 end of the tenancy in order to determine if any damage was done to the premises if the

1 tenant notifies the landlord by certified mail at least 15 days prior to the date of the tenant's
2 intended move, of the tenant's intention to move, the date of moving, and the tenant's new
3 address;

4 (3) The landlord's obligation to conduct the inspection within 5 days before
5 or after the tenant's stated date of intended moving;

6 (4) The landlord's obligation to notify the tenant in writing of the date of
7 the inspection;

8 (5) The tenant's right to receive, by first-class mail, delivered to the last
9 known address of the tenant, a written list of the charges against the security deposit
10 claimed by the landlord and the actual costs, within 45 days after the termination of the
11 tenancy;

12 (6) The obligation of the landlord to return any unused portion of the
13 security deposit, by first-class mail, addressed to the tenant's last known address within
14 45 days after the termination of the tenancy; and

15 (7) A statement that failure of the landlord to comply with the security
16 deposit law may result in the landlord being liable to the tenant for a penalty of up to 3
17 times the security deposit withheld, plus reasonable attorney's fees.

18 (b) The landlord shall retain a copy of the receipt for a period of 2 years after the
19 termination of the tenancy, abandonment of the premises, or eviction of the tenant, as the
20 case may be.

21 (c) The landlord shall be liable to the tenant in the sum of \$25 if the landlord fails
22 to provide a written receipt for the security deposit.

23 8-208.

24 (a) (1) On or after October 1, 1999, any landlord who offers 5 or more dwelling
25 units for rent in the State may not rent a residential dwelling unit without using a written
26 lease.

27 (2) If a landlord fails to comply with paragraph (1) of this subsection, the
28 term of the tenancy is presumed to be 1 year from the date of the tenant's first occupancy
29 unless the tenant elects to end the tenancy at an earlier date by giving 1 month's written
30 notice.

31 (b) A landlord who rents using a written lease shall provide, upon written request
32 from any prospective applicant for a lease, a copy of the proposed form of lease in writing,
33 complete in every material detail, except for the date, the name and address of the tenant,
34 the designation of the premises, and the rental rate without requiring execution of the lease
35 or any prior deposit.

1 (c) A lease shall include:

2 (1) A statement that the premises will be made available in a condition
3 permitting habitation, with reasonable safety, if that is the agreement, or if that is not the
4 agreement, a statement of the agreement concerning the condition of the premises; [and]

5 (2) The landlord's and the tenant's specific obligations as to heat, gas,
6 electricity, water, and repair of the premises; AND

7 (3) **A RECEIPT FOR THE SECURITY DEPOSIT AS SPECIFIED IN §**
8 **8-203.1 OF THIS SUBTITLE.**

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 October 1, 2016.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.