

# SENATE BILL 628

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1lr0748

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By: **Senator Reilly**

Introduced and read first time: January 29, 2021

Assigned to: Judicial Proceedings

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## A BILL ENTITLED

1 AN ACT concerning

2 **Landlord and Tenant – Establishment of Rent Escrow Accounts – Time Limit**

3 FOR the purpose of requiring a tenant who receives a court order to pay rents into a certain  
4 escrow account to establish the account on the day the order is entered; requiring a  
5 certain order relating to a wrongful detainer action to require a certain amount to be  
6 paid on the day the order is entered; making certain stylistic changes; and generally  
7 relating to rent escrow accounts and payments.

8 BY repealing and reenacting, with amendments,

9 Article – Real Property

10 Section 8–118 and 8–118.1

11 Annotated Code of Maryland

12 (2015 Replacement Volume and 2020 Supplement)

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

14 That the Laws of Maryland read as follows:

15 **Article – Real Property**

16 8–118.

17 (a) **(1)** In an action under § 8–401, § 8–402, or § 8–402.1 of this title in which  
18 a party demands a jury trial, the District Court immediately shall enter an order directing  
19 the tenant or anyone holding under the tenant to pay all rents as they come due during the  
20 pendency of the action, as prescribed in subsection (b) of this section.

21 **(2)** The order shall require the rent to be paid as and when due under the  
22 lease starting with the next rent due date after the action was filed.

23 (b) **(1)** The District Court shall order that the rents be paid:

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1            [(1)] (I)    Into the registry of an escrow account of:

2                            [(i)] 1.     The clerk of the circuit court; or

3                            [(ii)] 2.     If directed by the District Court, an administrative agency  
4 of the county which is empowered by local law to hold rents in escrow pending investigation  
5 and disposition of complaints by tenants; or

6                            [(2)] (II)    To the landlord if both the tenant and landlord agree or at the  
7 discretion of the District Court.

8                            **(2) IF RENTS ARE TO BE PAID INTO AN ESCROW ACCOUNT SPECIFIED**  
9 **IN PARAGRAPH (1)(I) OF THIS SUBSECTION, THE DISTRICT COURT SHALL REQUIRE**  
10 **THE TENANT TO ESTABLISH THE ACCOUNT ON THE DAY THE ORDER IS ENTERED.**

11            (c) (1)    In an action under § 8–401, § 8–402, or § 8–402.1 of this title, if the  
12 tenant or anyone holding under the tenant fails to pay rent as it comes due pursuant to the  
13 terms of the order, the circuit court, on motion of the landlord and certification of the clerk,  
14 the landlord, or agency of the status of the delinquent account, shall conduct a hearing  
15 within 30 days.

16                            (2)    The District Court’s escrow order and the clerk’s certification are  
17 presumed to be valid.

18                            (3)    The tenant may dispute the validity or terms of the District Court’s  
19 escrow order or raise any other defense to the tenant’s alleged noncompliance with the  
20 order.

21                            (4)    If the circuit court determines that the failure to pay is without legal  
22 justification, the court may treat the tenant’s demand for jury trial as waived, and can  
23 either immediately conduct a nonjury trial or set the matter for a future nonjury trial on  
24 the merits of the landlord’s claim.

25            (d) (1)    Upon final disposition of the action, the circuit court shall order  
26 distribution of the rent escrow account in accordance with the judgment.

27                            (2)    If no judgment is entered, the circuit court shall order distribution to  
28 the party entitled to the rent escrow account after hearing.

29 8–118.1.

30            (a) (1)    In an action under § 14–132 of this article in which a party demands a  
31 jury trial, the District Court immediately shall enter an order directing the person or entity  
32 in possession to pay the monthly fair rental value of the premises that is subject to the  
33 action, or such other amount as the court may determine is proper, starting as of the date

1 the action was filed, as required in subsection (b) of this section.

2 (2) The order shall require the amount determined by the court to be paid  
3 [within 5 days of the date of] **ON THE DAY THE COURT ENTERED** the order.

4 (b) The District Court shall order that the amount determined by the court be  
5 paid:

6 (1) Into the registry of an escrow account of the clerk of the circuit court;  
7 or

8 (2) To the plaintiff if both the defendant and the plaintiff agree or at the  
9 discretion of the District Court.

10 (c) (1) If the person or entity fails to pay under the terms of the order, the  
11 circuit court, on motion of the person or entity claiming possession and certification of the  
12 clerk or the plaintiff, if the payment is made to the plaintiff, of the status of the account,  
13 shall conduct a hearing within 30 days.

14 (2) The District Court's escrow order and the clerk's certification are  
15 presumed to be valid.

16 (3) The person or entity in possession may dispute the validity or terms of  
17 the District Court's escrow order or raise any other defense to the person's alleged  
18 noncompliance with the order.

19 (d) (1) If the circuit court determines that the failure to pay is without legal  
20 justification, the court may treat the person or entity in possession's demand for jury trial  
21 as waived, and can immediately conduct a nonjury trial or set the matter for a future  
22 nonjury trial on the merits of the claim of the person or entity claiming possession.

23 (2) If the circuit court, on motion, determines that either party is entitled  
24 to possession as a matter of law, the court shall enter a judgment in favor of that party for  
25 possession of the property and for any other appropriate relief.

26 (e) (1) Upon final disposition of the action, the circuit court shall order  
27 distribution of the escrow account in accordance with the judgment.

28 (2) If no judgment is entered, the circuit court shall order distribution to  
29 the party entitled to the escrow account after hearing.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
31 October 1, 2021.