

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 384

(Senator Hettleman)

Judicial Proceedings

Environment and Transportation

Landlord and Tenant - Stay of Eviction Proceeding for Rental Assistance
Determination

This emergency bill establishes that in a failure to pay rent action, if a tenant presents satisfactory evidence that the tenant is currently awaiting a determination regarding the tenant's good faith application for rental assistance, as specified, the court must (1) if judgment *has not* been entered, stay any proceeding until resolution of the tenant's application and disbursement of any funds awarded or (2) if judgment *has* been entered in favor of the landlord and the tenant has the right of redemption, stay the execution of any warrant of restitution or order requiring the tenant to surrender the property until resolution of the tenant's application and disbursement of any funds awarded. The bill's provisions are subject to specified limitations and terminate September 30, 2025.

Fiscal Summary

State Effect: Any potential operational impact on the District Court is not anticipated to materially affect State finances.

Local Effect: The bill is not anticipated to materially affect local government operations or finances.

Small Business Effect: Meaningful.

Analysis

Bill Summary: The bill's provisions only apply to a tenant who has an application for rental assistance pending with an agency that distributes funds for rental assistance that

was submitted before or within 30 days after the tenant's landlord filed a written complaint regarding the failure to pay rent.

A stay ordered under the bill's provisions may not exceed 35 days. The court may not stay a proceeding if judgment has been entered in favor of the landlord if the court stayed the proceeding prior to a judgment being entered (under the bill's provisions).

Current Law: In general, a landlord seeking to evict a tenant must file the appropriate action (*e.g.*, failure to pay rent, breach of lease, *etc.*) in the District Court. If awarded a judgment by the court, the landlord files a warrant of restitution, which, once reviewed and signed by the court, authorizes an eviction. The warrants of restitution are forwarded to the local sheriff's office who is then authorized to carry out the evictions. Statute sets forth numerous specific requirements for such actions, including those related to written notice prior to filing certain actions. This includes specific requirements for written notice prior to initiating a failure to pay rent action.

In failure to pay rent actions, if judgment is in favor of the landlord and the tenant does not return the premises to the landlord or otherwise satisfy the judgment by paying the applicable rent and late fees within 4 days, as specified, the court must, at any time after 4 days have elapsed, issue a warrant of restitution. The court may, upon presentation of a certificate signed by a physician certifying that surrendering the property within the 4-day period would endanger the health or life of the tenant or other occupant, extend the time for surrender of the premises as justice may require up to 15 days. Statutory provisions also authorize stays of execution in other specified circumstances, such as in the event of extreme weather conditions.

If the landlord does not order a warrant of restitution within 60 days from either the date of judgment or the expiration date of any stay of execution (whichever is later), then (1) the judgment for possession must be stricken and (2) the judgment must generally count toward the threshold for the number of judgments at which a tenant no longer has the right to redemption of the leased premises, as specified.

A tenant has the right to redemption of the leased premises by tendering in cash, certified check, or money order to the landlord or the landlord's agent all past due amounts, as determined by the court, plus all court awarded costs and fees, at any time before actual execution of the eviction order. This right of redemption does not apply to any tenant against whom three judgments of possession have been entered for rent due and unpaid in the 12 months prior to the initiation of the action, as specified.

Small Business Effect: Landlords may be subject to increased waiting periods before property may be repossessed. While an eventual award of rental assistance likely mitigates revenue loss for some landlords, revenues for other landlords may be reduced by delays in

repossessing property occupied by a tenant for whom rental assistance (or rental assistance in the amount necessary to fully satisfy a judgment) is not eventually awarded.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 674 (Delegate Stewart, *et al.*) - Environment and Transportation.

Information Source(s): Judiciary (Administrative Office of the Courts); Department of Housing and Community Development; Department of Legislative Services

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