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Senate Bill 530
Landlord and Tenant – Eviction Actions – Filing Surcharge and Prohibited Lease Provisions

Before the Senate Judiciary Proceedings Committee, Feb. 26, 2021
Position: FAVORABLE

I write in support of SB 530. I am a Maryland attorney and our law firm regularly represents tenants who are being threatened with eviction or have been evicted. Maryland needs a fairer "Failure to Pay Rent" ("FTPR") eviction process, one that focuses on housing stability instead of housing loss. I urge the Committee's favorable report on this bill.

When a landlord deems a tenant late on their rent, which occurs on or about the sixth of the month in almost every Maryland county, the landlord charges the tenant a 5% late fee of the rent (typically an average of $50 or more), court costs of around $20 to $30 (before any court has awarded costs) and an agent fee (around $10). Even though the legislature intended for the 5% late fee to cover a landlord's administrative costs when the rent is late, such as for filing for eviction, landlords use this as a pure profit item and charge additional costs on top of the late fee. Our firm has seen the profit and loss statements from one property management company, and the late fee was listed as "income."

In addition, because a standard lease in Maryland deems ***all charges*** to the landlord as "rent," including late fees, court costs, and agent fees, we have seen tenants who were told they were "late" on their rent when they paid their rent on time and all they owed were late fees or court costs. This fee-churning scheme is an industry standard in Maryland for large property management companies. These large property management purposely position themselves in low-income areas, where they can make the most profit. These same companies then reinvest as little profit as possible into maintaining the property, resulting in deplorable conditions for people who are least likely to complain or have the resources to challenge a well-heeled company.

Maryland can no longer let landlords use rent court as a debt collection mill. The State is subsidizing the landlord's special debt collection process by charging one of the lowest filing fees in the country.

Every time a landlord files a FTPR complaint against a tenant, that tenant's rental history is being damaged. We have seen documentation from rent court agents indicating that 65 to 75% of FTPR complaints are dismissed prior to any trial, meaning the tenant pays within a few days or weeks of the complaint being filed. Even if the FTPR complaint is dismissed, however, the damage has already been done to the tenant's rental history, making it more difficult for the tenant to rent in the future, or may result in a higher security deposit at a future rental.

The astronomical number of failure to pay rent filings in Maryland is a drain on judicial resources and hurts the economy. Tenants often have to take off work to attend court, pay for childcare, and transportation costs. This is money that could have been used to pay the rent, for groceries, or to pay utility bills.

As Maryland prepares for a massive wave of evictions, the reduction in eviction filings that will result from SB 530 is needed more than ever. I urge this committee to give SB 530 a favorable report.

Very truly yours,

Chelsea Ortega

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