



Testimony of Christopher Grimm Regarding SB 892, on Behalf of LeaseLock
Maryland Senate Judicial Proceedings Committee
March 2, 2021

Chairman Smith and members of the Judicial Proceedings Committee, on behalf of LeaseLock, thank you for allowing me to submit testimony supporting Senate Bill 892, legislation to help renters overcome a significant barrier to housing. And thank you to Senator Augustine for introducing this important legislation.

Anyone who has rented a home knows that security deposits can be a significant burden, particularly for first-time renters and people without significant savings. Security deposits typically equal one- or two-months' rent. When the average rent in Maryland is about \$1,700, the security deposit is a lot of money – especially when it sits unused in a property owner's bank account. With first and last month's rent, the average move-in cost is \$5,000. A 2018 report by the New York City Comptroller found what many renters and would-be renters already know: security deposits represent a significant barrier to housing access.

LeaseLock has simple goals: to help renters move into apartments without paying costly security deposits, to help property owners eliminate costly administration of deposits, and for both – eliminate 99 percent of arguments about apartment damages when leases end.

For a modest monthly premium, LeaseLock insures property owners for up to \$5,000 in lost rent and \$500 in damages. To be clear, LeaseLock insures property owners, not residents. But once protected by insurance, owners can then offer renters the option of paying a modest monthly "deposit waiver fee" – that averages \$25 in Maryland – instead of a full security deposit that amounts to several hundred or up to a few thousand dollars. Nationwide, when given the option, 92% of renters choose to pay the waiver fee.

As a matter of fairness, please be aware that LeaseLock lease insurance is offered in the full spirit of Maryland's fair housing and anti-discrimination laws. LeaseLock underwrites an entire property or portfolio of properties. This means that when a prospective tenant is approved for occupancy in a building, that tenant will not have to go through an additional credit check, income check, citizenship check, or background check. Additionally, lease insurance pricing is the same for every similarly situated unit within a property or portfolio, regardless of whether the tenants are a family of 2 or 8 people. And finally, if the deposit waiver fee option is offered to one tenant in a building, it is offered to every prospective tenant. LeaseLock's goal, and landlords' goals, are to help 100% of tenants avoid the struggle to pay security deposits.

While LeaseLock insures more than 40 rental properties in Maryland, we believe more properties will offer zero-deposit rentals if there is clarity in the law. Senate Bill 892 provides that clarity while ensuring that when landlords offer a zero-deposit rental, it will always be the renter's choice to pay a waiver fee or a full security deposit.

Senate Bill 892 is a win-win for renters and property owners, and we respectfully request a favorable report from the committee.