



House Bill 31 – Courts – Surcharges and Payment to Rental Assistance Programs

Position: Oppose

Maryland REALTORS® opposes HB 31 which seeks to increase the surcharge for certain court actions and significantly limit recovery of the court fees.

REALTORS® often manage property for owners who lease their single-family property for many reasons. Sometimes it is because the owner is seeking to create additional income for their family by holding onto property they once lived in. Sometimes, they choose rental real estate as a separate investment vehicle where the rent helps pay the mortgage so that they will eventually have equity in the property at the end of the mortgage term. Sometimes, it is because the owner of the property was under water and instead of selling the property at a loss, they keep it until the market prices recover so they don't lose equity. Other times an owner may have a temporary but longer-term job relocation and they would like to hold onto the property and move back in when their temporary assignment is over.

The COVID-19 pandemic has caused significant economic challenges for tenants and landlords alike. While much attention has appropriately been focused on tenants, it is also true that the impact on some small landlords has been equally tough. While many landlords work hard to provide safe housing and work with their tenants who are experiencing financial challenges, some smaller landlords have little flexibility. When a nonpaying tenant exists, the landlord may not be able to pay the mortgage or other costs associated with maintenance on a property.

For most landlords, recovery of court costs often only serve to mitigate much larger losses that the landlord experiences due to eviction. In addition to lost rent, eviction results in a turnover of a unit that can cost thousands of dollars – particularly for the small landlord renting a single-family property. In addition to costs related to cleaning, painting and maintenance at turnover, many landlords must also pay significant fees on the day of eviction, including: hiring a crew to move potential personal property left in a unit; locksmiths; tow trucks; etc. These eviction requirements differ by county and can be very expensive.

Some of our property managers report to us that their smaller owners are opting out of renting their properties due to the uncertainty of collecting rent combined with a strong sales market that will allow them to recoup some of the equity in their property.

While the REALTORS® would support an increased fee surcharge, we oppose HB 31 which prohibits the collection of these court fees. A judge should be able to determine whether the landlord is entitled to collect the fee or not.

For more information contact bill.castelli@mdrealtor.org, susan.mitchell@mdrealtor.org, or lisa.may@mdrealtor.org