

BRIAN E. FROSH
Attorney General

ELIZABETH F. HARRIS
Chief Deputy Attorney General

CAROLYN QUATTROCKI
Deputy Attorney General



WILLIAM D. GRUHN
Chief
Consumer Protection Division

Writer's Fax No.

STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION

Writer's Direct Dial No.
410-576-6986
kwilponewelborn@oag.state.md.us

February 14, 2022

To: The Honorable Luke Clippinger
Chair, Judiciary Committee

From: Kira Wilpone-Welborn, Assistant Attorney General
Consumer Protection Division

Re: House Bill 703 – Real Property – Actions to Repossess – Judgment for Tenants and Proof of Rental Licensure (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General (the “Division”) supports House Bill 703 sponsored by Delegate Melissa Wells, which ensures that a landlord complies with legal requirements for renting a residential property before the landlord can evict a tenant through a summary ejection action.

Landlord-tenant complaints are consistently among the top complaints received each year by the Division. A 2016 summer study, that included landlords, tenant advocates, Maryland’s courts, government officials, and others, highlighted existing issues arising in rent court actions, including the subject matter of this bill. In several jurisdictions throughout Maryland, a landlord is required to be licensed before renting a property. However, there is no requirement under current law that the landlord provide documentary evidence to the court demonstrating compliance with this requirement before using the courts to evict a tenant. It is well-settled that a business, which is required to be licensed, may not use the courts to enforce a contract if they are not so licensed. *See, e.g., Harry Berenter, Inc. v. Berman*, 258 Md. 290 (1970). House Bill 703 is consistent with this principle.

Although the District Court complaint forms require landlords to certify they maintain applicable rental licenses, the Division has encountered landlords who have allowed their rental licenses to lapse but continue to file eviction actions against their tenants. Placing the burden on tenants to combat an erroneous certification at an expedited hearing without discovery is unfair to unsophisticated, and often unrepresented, tenants. Instead, landlords who are already required to be in possession of documentation and evidence of their licensure are in the best position to prove their compliance with applicable rental licensing requirements. This requirement is no more

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onerous than the requirement that debt collectors filing actions to collect assigned consumer debt provide certain specific documentation that is solely in their possession to support their claims. *See* Md. Code Ann., Cts. & Jud. Proc. §5-1203 and Maryland Rule 3-306(d). By requiring that a landlord provide evidence to the court of compliance with this licensing requirement, House Bill 703 would ensure that a landlord who has not met these prerequisites for renting an apartment cannot use the courts as a tool for collection and eviction. House Bill 703 is a reasonable measure that will help ensure that a landlord who wishes to use the courts to evict a tenant was authorized to rent that unit to the tenant in the first place.

The Division requests that the Judiciary Committee give House Bill 703 a favorable report.

cc: The Honorable Melissa Wells
Members, Judiciary Committee