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March 20, 2024

To: The Honorable William C. Smith, Jr.
Chair, Judicial Proceedings Committee

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

Re: House Bill 853 – Residential Leases - Late Payment Penalties - Calculation (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General (the “Division”) supports House Bill 853 sponsored by Delegates Allen, Stewart, Boaf, Grossman, J. Lewis, J. Long, and Ruth. House Bill 853 clarifies that when calculating late fees under Section 8-208, the maximum late fee a landlord is permitted to charge is 5% of “the unpaid rent due.”

Landlord-tenant complaints are consistently among the top complaints received each year by the Division, including complaints about the misallocation of rental payments and excessive late fee charges. House Bill 853 clearly identifies that the maximum penalty a landlord can charge a tenant for unpaid rental amounts is 5% of the amount unpaid, instead of 5% of the full monthly rental amount. That clarification is consistent with the intent of Section 8-208 of the Real Property Article, which caps the late fee at 5% of the “rent due,” but some landlords read the statute to permit the late fee to be based on the amount of rent that had been due. The clarification provided by House Bill 853 would assist the Division in mediating complaints from tenants and provide greater continuity for Maryland renters.

Accordingly, the Division requests that the Judicial Proceedings Committee give House Bill 853 a favorable report.

cc: The Honorable Nick Allen, *et al.*
Members, Judicial Proceedings Committee