

**MMHA - 2024 - HB 853 - unpaid rent - JPR.pdf**

Uploaded by: Aaron Greenfield

Position: FAV



**Bill Title:** House Bill 853, Residential Leases - Late Payment Penalties - Calculation

**Committee:** Judicial Proceedings Committee

**Date:** March 21, 2024

**Position:** Favorable

This testimony is offered on behalf of the Maryland Multi-Housing Association (MMHA). MMHA is a professional trade association established in 1996, whose members consist of owners and managers of more than 210,000 rental housing homes in over 958 apartment communities. Our members house over 538,000 residents of the State of Maryland. MMHA also represents over 250 associate member companies who supply goods and services to the multi-housing industry.

House Bill 853 alters a prohibition concerning the maximum penalty for the late payment of rent that a landlord may charge in a residential lease to prohibit a penalty in excess of 5% of the amount of **the unpaid** rent rather than of the amount due.

When assessing a late penalty, housing providers should not charge the late fees on any rent that has been paid. That would be inappropriate. MMHA members currently only charge late fees on the unpaid rent amount; all housing providers should abide by the same practice, which is the proper method in current law.

For these reasons, the Maryland Multi-Housing Association respectfully requests a **favorable report** on House Bill 853.

Please contact Aaron J. Greenfield at 410.446.1992 if you have any questions.

**BaltimoreCounty\_FAV\_HB0853.pdf**

Uploaded by: John Olszewski

Position: FAV

JOHN A. OLSZEWSKI, JR.  
*County Executive*



JENNIFER AIOSA  
*Director of Government Affairs*

AMANDA KONTZ CARR  
*Legislative Officer*

WILLIAM J. THORNE  
*Legislative Associate*

**BILL NO.:**           **HB 853**

**TITLE:**                Residential Leases – Late Payment Penalties – Calculation

**SPONSOR:**          Delegate Allen

**COMMITTEE:**       Environment and Transportation

**POSITION:**         **SUPPORT**

**DATE:**               February 27, 2024

Baltimore County **SUPPORTS** House Bill 853 – Residential Leases – Late Payment Penalties - Calculation. Under current law, a landlord may charge a penalty for the late payment of rent, but that penalty cannot exceed 5% of the amount due. HB 853 would tweak the current law so that the penalty cannot exceed 5% of the amount of unpaid rent.

Baltimore County prioritizes housing stability and the protection of renters from unfair and unjust treatment. This legislation closes an existing loophole which allows landlords to include the current month’s rent in their calculation of the 5% penalty. The calculation of a penalty for late rent should only include rent that is actually late. The change proposed by this legislation would decrease the total potential amount of the penalty, making it likely that the tenant will be able to pay off their overdue rent and maintain their current housing.

HB 853 is a common-sense tenant protection that will keep tenants housed and prevent landlords from taking advantage of a statutory loophole to create and collect additional monetary penalties. It is crucial that given the ongoing housing crisis, renters are afforded necessary security and State and Local governments are collaborating to keep their most vulnerable residents housed.

Accordingly, Baltimore County urges a **FAVORABLE** report on HB 853 from the House Environment and Transportation Committee. For more information, please contact Jenn Aiosa, Director of Government Affairs at [jaiosa@baltimorecountymd.gov](mailto:jaiosa@baltimorecountymd.gov).

# **HB853 - CASA Written Testimony.pdf**

Uploaded by: Jose Coronado Flores

Position: FAV



**Testimony in SUPPORT of HB853**  
**Residential Leases - Late Payment Penalties - Calculation**

House - Environment and Transportation Committee

Jose Coronado-Flores , On Behalf of CASA

February 27th, 2024

Dear Honorable Chair Korman and Members of the Committee,

CASA is pleased to offer favorable testimony in support of **HB853**. CASA is the largest immigrant services and advocacy organization in Maryland, and in the Mid-Atlantic region, with a membership of over 120,000 Black and Latino immigrants and working families in the state.

HB853 is important legislation that addresses unfair late penalties for partial payments made by tenants who try their best to make payment deadlines. Late fees should be proportional to the amount owed. Considering that our membership often works at lower wages, they are especially at risk of being unable to pay rent in its entirety. Medical bills and emergencies, sudden necessary expenses, and the risk of instability of employment might contribute to one's inability to make full rental payments.

Tenants who are able to make partial payments should have penalties that are commensurate with the unpaid amount instead of the total fixed rental rate. Low-income renters do their best to stay current on payments but imposing aggressive late fees can be overwhelming and unfair to tenants who make partial payments.

CASA members face unstable finances in their day-to-day life, and many will do anything possible to meet full payments. However, those who make partial payment should not bear the entire burden of late penalties when they owe less than the monthly rent. We need to work to put people on the trajectory to recovering from incomplete payments instead of doom them to further financial hardship. For these reasons, CASA urges a favorable report.

Jose Coronado-Flores

Research and Policy Analyst

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# **HB 853\_Crossover\_Consumer Protection Division\_Supp**

Uploaded by: Kira Wilpone-Welborn

Position: FAV

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**STATE OF MARYLAND**  
**OFFICE OF THE ATTORNEY GENERAL**  
**CONSUMER PROTECTION DIVISION**

**WILLIAM D. GRUHN**  
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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)

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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



# **HB 853 Late fee in Senate PJC FAV.pdf**

Uploaded by: Matt Hill

Position: FAV



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**HB 853 Residential Leases - Late Payment Penalties - Calculation**  
**Hearing of the Senate Judicial Proceedings Committee, March 21, 2024**

**Position: SUPPORT (FAV)**

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Public Justice Center (PJC) is a nonprofit public interest law firm that assists over 800 renters and their families each year. As part of Renters United Maryland, we stand with tenants to protect and expand their rights to safe, habitable, affordable, and non-discriminatory housing.

We support HB 853 as a clarification of what we consider to be the plain meaning of the existing 5% late fee limitation in Md. Code, Real Prop. § 8-208(d). That is, a landlord is limited to charging a penalty for the late payment of rent that is no more than 5% of the rent still due. In other words, if the rent is \$1,000 per month, and the tenant has paid \$600, then the landlord may charge a late fee that is 5% of \$400 (\$20) not 5% of \$1,000 (\$50). The landlord already has use of the \$600 paid, and thus their “loss” related to the late payment of rent should be limited to 5% of the remaining \$400. There is no public policy rationale for providing a landlord a 5% late fee calculated on the full amount of monthly rent called for under the lease when only a part of that monthly rent remains unpaid. Imagine if the rent is \$1,000, and a tenant pays \$997 timely. Would the tenant then be charged a late fee of \$50 despite the remedial statutory protection of a 5% late fee?

Again, we think that this is already the most logical, plain meaning interpretation of the existing language in RP § 8-208(d). We welcome HB 853’s reinforcement of that interpretation by adding the clarifying adjective “unpaid” to delineate which number forms the basis for calculating a 5% late fee.

Public Justice Center asks that the Committee **issue a report of FAVORABLE on HB 853.**