

HOUSE BILL 22

N1
HB 917/11 – ENV

(PRE-FILED)

2lr0875
CF SB 361

By: **Delegate McMillan**

Requested: November 7, 2011

Introduced and read first time: January 11, 2012

Assigned to: Environmental Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 6, 2012

CHAPTER _____

1 AN ACT concerning

2 **Real Property – Residential Leases – Interest on Security Deposits**

3 FOR the purpose of altering the interest rate paid on a security deposit under a
4 residential lease at the end of a tenancy; altering the interest rate paid on a
5 security deposit under a residential lease when an evicted or ejected tenant
6 makes a timely written demand for return of the security deposit; altering the
7 annual interest rate paid by a mobile home park owner on a security deposit at
8 the end of a tenancy; requiring the Department of Housing and Community
9 Development to maintain ~~a certain list~~ on its Web site a certain list or a certain
10 calculator; requiring the Department to submit a certain report on or before a
11 certain date; providing for the application of this Act; providing for a delayed
12 effective date; and generally relating to the interest paid on security deposits
13 under residential leases.

14 BY repealing and reenacting, with amendments,
15 Article – Real Property
16 Section 8–203(e) and (h) and 8A–1001(f)
17 Annotated Code of Maryland
18 (2010 Replacement Volume and 2011 Supplement)

19 BY adding to
20 Article – Real Property
21 Section 8–203(k)
22 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (2010 Replacement Volume and 2011 Supplement)

2 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
3 MARYLAND, That the Laws of Maryland read as follows:

4 **Article – Real Property**

5 8–203.

6 (e) (1) (I) Within 45 days after the end of the tenancy, the landlord
7 shall return the security deposit to the tenant together with simple interest which has
8 accrued [in the amount of 3 percent per annum] **AT THE DAILY U.S. TREASURY**
9 **YIELD CURVE RATE FOR 1 YEAR, AS OF THE FIRST BUSINESS DAY OF EACH YEAR,**
10 **OR 1.5%, WHICHEVER IS GREATER,** less any damages rightfully withheld.

11 (II) **FOR ANY YEAR IN WHICH THE LANDLORD HAS HELD**
12 **THE SECURITY DEPOSIT FOR LESS THAN THE FULL YEAR, THE LANDLORD SHALL**
13 **PAY AN AMOUNT OF INTEREST EQUAL TO THE AMOUNT OF THE DEPOSIT**
14 **DIVIDED BY THE NUMBER OF MONTHS THAT THE DEPOSIT WAS HELD,**
15 **MULTIPLIED BY THE DAILY U.S. TREASURY YIELD CURVE RATE FOR 1 YEAR**
16 **THAT WAS IN EFFECT AS OF THE FIRST BUSINESS DAY OF THAT CALENDAR YEAR,**
17 **OR 1.5%, WHICHEVER IS GREATER, ~~DIVIDED BY THE NUMBER OF MONTHS THAT~~**
18 **~~THE DEPOSIT WAS HELD.~~**

19 (2) Interest shall accrue at six-month intervals from the day the
20 tenant gives the landlord the security deposit. Interest is not compounded.

21 (3) Interest shall be payable only on security deposits of \$50 or more.

22 (4) If the landlord, without a reasonable basis, fails to return any part
23 of the security deposit, plus accrued interest, within 45 days after the termination of
24 the tenancy, the tenant has an action of up to threefold of the withheld amount, plus
25 reasonable attorney's fees.

26 (h) (1) The provisions of subsections (e)(1) and (4) and (g)(1) and (2) of this
27 section are inapplicable to a tenant who has been evicted or ejected for breach of a
28 condition or covenant of a lease prior to the termination of the tenancy or who has
29 abandoned the premises prior to the termination of the tenancy.

30 (2) (i) A tenant specified in paragraph (1) of this subsection may
31 demand return of the security deposit by giving written notice by first-class mail to
32 the landlord within 45 days of being evicted or ejected or of abandoning the premises.

33 (ii) The notice shall specify the tenant's new address.

1 (iii) 1. The landlord, within 45 days of receipt of such notice,
2 shall present, by first-class mail to the tenant, a written list of the damages claimed
3 under subsection (f)(1) of this section together with a statement of the costs actually
4 incurred and shall return to the tenant the security deposit together with simple
5 interest which has accrued [in the amount of 3 percent per annum] **AT THE DAILY**
6 **U.S. TREASURY YIELD CURVE RATE FOR 1 YEAR, AS OF THE FIRST BUSINESS**
7 **DAY OF EACH YEAR, OR 1.5%, WHICHEVER IS GREATER,** less any damages
8 rightfully withheld.

9 2. **FOR ANY YEAR IN WHICH THE LANDLORD HAS**
10 **HELD THE SECURITY DEPOSIT FOR LESS THAN THE FULL YEAR, THE LANDLORD**
11 **SHALL PAY AN AMOUNT OF INTEREST EQUAL TO THE AMOUNT OF THE DEPOSIT**
12 **DIVIDED BY THE NUMBER OF MONTHS THAT THE DEPOSIT WAS HELD,**
13 **MULTIPLIED BY THE DAILY U.S. TREASURY YIELD CURVE RATE FOR 1 YEAR**
14 **THAT WAS IN EFFECT AS OF THE FIRST BUSINESS DAY OF THAT CALENDAR YEAR,**
15 **OR 1.5%, WHICHEVER IS GREATER, ~~DIVIDED BY THE NUMBER OF MONTHS THAT~~**
16 **~~THE DEPOSIT WAS HELD.~~**

17 (3) (i) If a landlord fails to send the list of damages required by
18 paragraph (2) of this subsection, the right to withhold any part of the security deposit
19 for damages is forfeited.

20 (ii) If a landlord fails to return the security deposit as required
21 by paragraph (2) of this subsection, the tenant has an action of up to threefold of the
22 withheld amount, plus reasonable attorney's fees.

23 (4) Except to the extent specified, this subsection may not be
24 interpreted to alter the landlord's duties under subsections (e) and (g) of this section.

25 (K) **THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**
26 **SHALL MAINTAIN ON ITS WEB SITE ~~A~~:**

27 **(1) A LIST OF DAILY U.S. TREASURY YIELD CURVE RATES FOR 1**
28 **YEAR, AS OF THE FIRST BUSINESS DAY OF EACH YEAR, TO BE USED IN**
29 **CALCULATING THE INTEREST ON A SECURITY DEPOSIT~~;~~ OR**

30 **(2) A CALCULATOR THAT ALLOWS A LANDLORD TO CALCULATE**
31 **THE INTEREST ON A SECURITY DEPOSIT BY ENTERING A TENANCY START DATE,**
32 **A TENANCY END DATE, AND THE AMOUNT OF THE SECURITY DEPOSIT.**

33 8A-1001.

34 (f) (1) **(I) Within 45 days after the end of the tenancy, the park owner**
35 **shall return the security deposit to the resident together with simple interest which**
36 **has accrued [in the amount of 3 percent per annum] AT THE DAILY U.S. TREASURY**

1 YIELD CURVE RATE FOR 1 YEAR, AS OF THE FIRST BUSINESS DAY OF EACH YEAR,
2 OR 1.5%, WHICHEVER IS GREATER, less any damages rightfully withheld.

3 (II) FOR ANY YEAR IN WHICH THE PARK OWNER HAS HELD
4 THE SECURITY DEPOSIT FOR LESS THAN THE FULL YEAR, THE LANDLORD SHALL
5 PAY AN AMOUNT OF INTEREST EQUAL TO THE AMOUNT OF THE DEPOSIT
6 DIVIDED BY THE NUMBER OF MONTHS THAT THE DEPOSIT WAS HELD,
7 MULTIPLIED BY THE DAILY U.S. TREASURY YIELD CURVE RATE FOR 1 YEAR
8 THAT WAS IN EFFECT AS OF THE FIRST BUSINESS DAY OF THAT CALENDAR YEAR,
9 OR 1.5%, WHICHEVER IS GREATER.

10 (2) Interest shall accrue at 6-month intervals from the day the
11 resident gives the park owner the security deposit. Interest is not compounded.

12 (3) Interest shall be payable only on security deposits of \$50 or more.

13 (4) If the park owner, without a reasonable basis, fails to return any
14 part of the security deposit, plus accrued interest, within 45 days after the termination
15 of the tenancy, the resident has an action of up to threefold of the withheld amount,
16 plus reasonable attorney's fees.

17 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before October 1,
18 2013, the Department of Housing and Community Development shall report to the
19 Senate Judicial Proceedings Committee and the House Environmental Matters
20 Committee, in accordance with § 2-1246 of the State Government Article, on the
21 feasibility of maintaining on its Web site a calculator that allows a landlord to
22 calculate the interest on a security deposit by entering a tenancy start date, a tenancy
23 end date, and the amount of the security deposit.

24 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall be
25 construed to apply only prospectively and may not be applied or interpreted to have
26 any effect on or application to any residential leases entered into before the effective
27 date of this Act.

28 SECTION ~~3~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take
29 effect January 1, 2013.