

SENATE BILL 408

N1

5lr1724
CF HB 782

By: **Senators Muse, Cassilly, Norman, and Ready**

Introduced and read first time: February 6, 2015

Assigned to: Judicial Proceedings

Committee Report: Favorable

Senate action: Adopted

Read second time: March 16, 2015

CHAPTER _____

1 AN ACT concerning

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

3 FOR the purpose of altering the calculation of the interest rate paid on a security deposit
4 under a residential lease at the end of a tenancy; altering the calculation of the
5 interest rate paid on a security deposit under a residential lease when an evicted or
6 ejected tenant makes a timely written demand for return of the security deposit;
7 altering the calculation of the interest rate paid by a mobile home park owner on a
8 security deposit at the end of a tenancy; altering the requirements for a certain
9 calculator that the Department of Housing and Community Development is required
10 to maintain on its Web site; providing for the application of this Act; and generally
11 relating to the interest paid on security deposits under residential leases and mobile
12 home park rental agreements.

13 BY repealing and reenacting, with amendments,
14 Article – Real Property
15 Section 8–203(e), (h), and (k) and 8A–1001(f)
16 Annotated Code of Maryland
17 (2010 Replacement Volume and 2014 Supplement)

18 BY repealing and reenacting, without amendments,
19 Article – Real Property
20 Section 8–203(l) and 8A–1001(h)
21 Annotated Code of Maryland
22 (2010 Replacement Volume and 2014 Supplement)

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

3 **Article – Real Property**

4 8–203.

5 (e) (1) [(i)] Within 45 days after the end of the tenancy, the landlord shall
6 return the security deposit to the tenant together with simple interest which has accrued
7 at the daily U.S. Treasury yield curve rate for 1 year, as of the first business day of each
8 year, or 1.5% **A YEAR**, whichever is greater, less any damages rightfully withheld.

9 [(ii)] For any year in which the landlord has held the security deposit
10 for less than the full year, the landlord shall pay an amount of interest calculated by:

11 1. Multiplying the amount of the deposit by the daily U.S.
12 Treasury yield curve rate for 1 year that was in effect as of the first business day of that
13 calendar year, or 1.5%, whichever is greater; and

14 2. Multiplying the result obtained under item 1 of this
15 subparagraph by a fraction, the numerator of which is the number of months that the
16 deposit was held that year and the denominator of which is 12.]

17 (2) (I) [Interest] **EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF**
18 **THIS PARAGRAPH, INTEREST** shall accrue at [six–month] **MONTHLY** intervals from the
19 day the tenant gives the landlord the security deposit. Interest is not compounded.

20 (II) **NO INTEREST IS DUE OR PAYABLE:**

21 1. **UNLESS THE LANDLORD HAS HELD THE SECURITY**
22 **DEPOSIT FOR AT LEAST 6 MONTHS; OR**

23 2. **FOR ANY PERIOD LESS THAN A FULL MONTH.**

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

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

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

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

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

5 (iii) **[1.]** The landlord, within 45 days of receipt of such notice, shall
6 present, by first-class mail to the tenant, a written list of the damages claimed under
7 subsection (f)(1) of this section together with a statement of the costs actually incurred and
8 shall return to the tenant the security deposit together with simple interest which has
9 accrued at the daily U.S. Treasury yield curve rate for 1 year, as of the first business day
10 of each year, or 1.5% **A YEAR**, whichever is greater, less any damages rightfully withheld.

11 **[2.** For any year in which the landlord has held the security
12 deposit for less than the full year, the landlord shall pay an amount of interest calculated
13 by:

14 A. Multiplying the amount of the deposit by the daily U.S.
15 Treasury yield curve rate for 1 year that was in effect as of the first business day of that
16 calendar year, or 1.5%, whichever is greater; and

17 B. Multiplying the result obtained under item A of this
18 subsubparagraph by a fraction, the numerator of which is the number of months that the
19 deposit was held that year and the denominator of which is 12.]

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

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

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

28 (k) The Department of Housing and Community Development shall maintain on
29 its Web site:

30 (1) A list of daily U.S. Treasury yield curve rates for 1 year, as of the first
31 business day of each year, to be used in calculating the interest on a security deposit; or

32 (2) A customized calculator that calculates the interest due on a security
33 deposit by allowing a user to enter **[a tenancy start date] THE DATE THAT THE SECURITY**
34 **DEPOSIT WAS GIVEN TO THE LANDLORD**, a tenancy end date, and the amount of the
35 security deposit.

1 (l) A landlord is entitled to rely on the list of yield curve rates or the customized
2 calculator maintained by the Department of Housing and Community Development under
3 subsection (k) of this section when calculating the interest on a security deposit.

4 8A-1001.

5 (f) (1) [(i)] Within 45 days after the end of the tenancy, the park owner shall
6 return the security deposit to the resident together with simple interest which has accrued
7 at the daily U.S. Treasury yield curve rate for 1 year, as of the first business day of each
8 year, or 1.5% **A YEAR**, whichever is greater, less any damages rightfully withheld.

9 [(ii) For any year in which the park owner has held the security
10 deposit for less than the full year, the landlord shall pay an amount of interest calculated
11 by:

12 1. Multiplying the amount of the deposit by the daily U.S.
13 Treasury yield curve rate for 1 year that was in effect as of the first business day of that
14 calendar year, or 1.5%, whichever is greater; and

15 2. Multiplying the result obtained under item 1 of this
16 subparagraph by a fraction, the numerator of which is the number of months that the
17 deposit was held that year and the denominator of which is 12.]

18 (2) (I) [Interest] **EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF**
19 **THIS PARAGRAPH, INTEREST** shall accrue at [6-month] **MONTHLY** intervals from the
20 day the resident gives the park owner the security deposit. Interest is not compounded.

21 (II) **NO INTEREST IS DUE OR PAYABLE:**

22 1. **UNLESS THE PARK OWNER HAS HELD THE SECURITY**
23 **DEPOSIT FOR AT LEAST 6 MONTHS; OR**

24 2. **FOR ANY PERIOD LESS THAN A FULL MONTH.**

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

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

30 (h) A park owner is entitled to rely on the list of yield curve rates or the
31 customized calculator maintained by the Department of Housing and Community
32 Development under § 8-203(k) of this article when calculating the interest on a security
33 deposit.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to any
2 interest accruing on a security deposit under a residential lease or mobile home park rental
3 agreement on or after January 1, 2015.

4 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June
5 1, 2015.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.