

HOUSE BILL 703

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2lr2301
CF SB 563

By: Delegate Lehman

Introduced and read first time: January 31, 2022

Assigned to: Judiciary

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 29, 2022

Returned to second reading: March 30, 2022

House action: Adopted with floor amendments

Read second time: March 30, 2022

CHAPTER _____

1 AN ACT concerning

2 **Real Property – Actions to Repossess – Judgment for Tenants and Proof of**
3 **Rental Licensure**

4 FOR the purpose of ~~authorizing the District Court to find in favor of the tenant and award~~
5 ~~costs and expenses in an action to repossess residential rental property for a certain~~
6 ~~breach of lease assertion made in bad faith or without substantial justification;~~
7 requiring a landlord to submit to the clerk of the court evidence of compliance with
8 certain local rental property licensure requirements and ~~prove in court by a certain~~
9 ~~evidentiary standard~~ demonstrate that the landlord is compliant with the licensure
10 requirements; and generally relating to actions to repossess property.

11 BY repealing and reenacting, without amendments,
12 Article – Real Property
13 Section 8–401(a) and (b)(1)
14 Annotated Code of Maryland
15 (2015 Replacement Volume and 2021 Supplement)

16 BY repealing and reenacting, with amendments,
17 Article – Real Property
18 Section 8–401(b)(2), 8–402(b)(1)(i), and 8–402.1
19 Annotated Code of Maryland
20 (2015 Replacement Volume and 2021 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 BY adding to
2 Article – Real Property
3 Section 8–406
4 Annotated Code of Maryland
5 (2015 Replacement Volume and 2021 Supplement)

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

8 **Article – Real Property**

9 8–401.

10 (a) Whenever the tenant or tenants fail to pay the rent when due and payable, it
11 shall be lawful for the landlord to have again and repossess the premises in accordance
12 with this section.

13 (b) (1) Whenever any landlord shall desire to repossess any premises to which
14 the landlord is entitled under the provisions of subsection (a) of this section, the landlord
15 or the landlord's duly qualified agent or attorney shall ensure that the landlord has
16 completed the procedures required under subsection (c) of this section.

17 (2) **[After] SUBJECT TO § 8–406 OF THIS SUBTITLE AND AFTER**
18 completing the procedures required under subsection (c) of this section, a landlord or the
19 landlord's duly qualified agent or attorney may file the landlord's written complaint under
20 oath or affirmation, in the District Court of the county wherein the property is situated:

21 (i) Describing in general terms the property sought to be
22 repossessed;

23 (ii) Setting forth the name of each tenant to whom the property is
24 rented or any assignee or subtenant;

25 (iii) Stating the amount of rent and any late fees due and unpaid, less
26 the amount of any utility bills, fees, or security deposits paid by a tenant under § 7–309 of
27 the Public Utilities Article;

28 (iv) Requesting to repossess the premises and, if requested by the
29 landlord, a judgment for the amount of rent due, costs, and any late fees, less the amount
30 of any utility bills, fees, or security deposits paid by a tenant under § 7–309 of the Public
31 Utilities Article;

32 (v) If applicable, stating that, to the best of the landlord's knowledge,
33 the tenant is deceased, intestate, and without next of kin; and

1 (vi) If the property to be repossessed is an affected property as
2 defined in § 6–801 of the Environment Article, stating that the landlord has registered the
3 affected property as required under § 6–811 of the Environment Article and renewed the
4 registration as required under § 6–812 of the Environment Article and:

5 1. A. If the current tenant moved into the property on or
6 after February 24, 1996, stating the inspection certificate number for the inspection
7 conducted for the current tenancy as required under § 6–815(c) of the Environment Article;
8 or

9 B. On or after February 24, 2006, stating the inspection
10 certificate number for the inspection conducted for the current tenancy as required under
11 § 6–815(c), § 6–817(b), or § 6–819(f) of the Environment Article; or

12 2. Stating that the owner is unable to provide an inspection
13 certificate number because:

14 A. The owner has requested that the tenant allow the owner
15 access to the property to perform the work required under Title 6, Subtitle 8 of the
16 Environment Article;

17 B. The owner has offered to relocate the tenant in order to
18 allow the owner to perform work if the work will disturb the paint on the interior surfaces
19 of the property and to pay the reasonable expenses the tenant would incur directly related
20 to the relocation; and

21 C. The tenant has refused to allow access to the owner or
22 refused to vacate the property in order for the owner to perform the required work.

23 8–402.

24 (b) (1) (i) **[Where] SUBJECT TO § 8–406 OF THIS SUBTITLE AND WHERE**
25 any tenancy is for any definite term or at will, and the landlord shall desire to repossess
26 the property after the expiration of the term for which it was leased and shall give notice
27 as required under subsection (c) of this section to the tenant or to the person actually in
28 possession of the property to remove from the property at the end of the term, and if the
29 tenant or person in actual possession shall refuse to comply, the landlord may make
30 complaint in writing to the District Court of the county where the property is located.

31 8–402.1.

32 (a) (1) (i) **[Where] SUBJECT TO § 8–406 OF THIS SUBTITLE AND WHERE**
33 an unexpired lease for a stated term provides that the landlord may repossess the premises
34 prior to the expiration of the stated term if the tenant breaches the lease, the landlord may
35 make complaint in writing to the District Court of the county where the premises is located
36 if:

1 1. The tenant breaches the lease;

2 2. A. The landlord has given the tenant 30 days' written
3 notice that the tenant is in violation of the lease and the landlord desires to repossess the
4 leased premises; or

5 B. The breach of the lease involves behavior by a tenant or a
6 person who is on the property with the tenant's consent, which demonstrates a clear and
7 imminent danger of the tenant or person doing serious harm to themselves, other tenants,
8 the landlord, the landlord's property or representatives, or any other person on the property
9 and the landlord has given the tenant or person in possession 14 days' written notice that
10 the tenant or person in possession is in violation of the lease and the landlord desires to
11 repossess the leased premises; and

12 3. The tenant or person in actual possession of the premises
13 refuses to comply.

14 (ii) The court shall summons immediately the tenant or person in
15 possession to appear before the court on a day stated in the summons to show cause, if any,
16 why restitution of the possession of the leased premises should not be made to the landlord.

17 (2) (i) If, for any reason, the tenant or person in actual possession
18 cannot be found, the constable or sheriff shall affix an attested copy of the summons
19 conspicuously on the property.

20 (ii) After notice is sent to the tenant or person in possession by
21 first-class mail, the affixing of the summons on the property shall be conclusively presumed
22 to be a sufficient service to support restitution.

23 (3) If either of the parties fails to appear before the court on the day stated
24 in the summons, the court may continue the case for not less than six nor more than 10
25 days and notify the parties of the continuance.

26 (b) (1) If the court determines that the tenant breached the terms of the lease
27 and that the breach was substantial and warrants an eviction, the court shall give
28 judgment for the restitution of the possession of the premises and issue its warrant to the
29 sheriff or a constable commanding the tenant to deliver possession to the landlord in as full
30 and ample manner as the landlord was possessed of the same at the time when the lease
31 was entered into. The court shall give judgment for costs against the tenant or person in
32 possession.

33 ~~(2) IF THE COURT DETERMINES THAT A LANDLORD ASSERTED A~~
34 ~~BREACH OF LEASE UNDER SUBSECTION (A)(1)(i)2B OF THIS SECTION IN BAD FAITH~~
35 ~~OR WITHOUT SUBSTANTIAL JUSTIFICATION, THE COURT MAY ENTER JUDGMENT FOR~~
36 ~~THE TENANT AND AWARD COSTS AND EXPENSES, INCLUDING ATTORNEY'S FEES.~~

1 ~~[(2)] (3)~~ Either party may appeal to the circuit court for the county,
 2 within ten days from entry of the judgment. If the tenant (i) files with the District Court
 3 an affidavit that the appeal is not taken for delay; (ii) files sufficient bond with one or more
 4 securities conditioned upon diligent prosecution of the appeal; (iii) pays all rent in arrears,
 5 all court costs in the case; and (iv) pays all losses or damages which the landlord may suffer
 6 by reason of the tenant's holding over, the tenant or person in possession of the premises
 7 may retain possession until the determination of the appeal. Upon application of either
 8 party, the court shall set a day for the hearing of the appeal not less than five nor more
 9 than 15 days after the application, and notice of the order for a hearing shall be served on
 10 the other party or that party's counsel at least five days before the hearing. If the judgment
 11 of the District Court is in favor of the landlord, a warrant shall be issued by the court which
 12 hears the appeal to the sheriff, who shall execute the warrant.

13 (c) (1) Acceptance of any payment after notice but before eviction shall not
 14 operate as a waiver of any notice of breach of lease or any judgment for possession unless
 15 the parties specifically otherwise agree in writing.

16 (2) Any payment accepted shall be first applied to the rent or the
 17 equivalent of rent apportioned to the date that the landlord actually recovers possession of
 18 the premises, then to court costs, including court awarded damages and legal fees and then
 19 to any loss of rent caused by the breach of lease.

20 (3) Any payment which is accepted in excess of the rent referred to in
 21 paragraph (2) of this subsection shall not bear interest but will be returned to the tenant
 22 in the same manner as security deposits as defined under § 8-203 of this title but shall not
 23 be subject to the penalties of that section.

24 **8-406.**

25 **(A) (1) THIS SECTION APPLIES ONLY IN A COUNTY, MUNICIPALITY, OR**
 26 **OTHER JURISDICTION THAT REQUIRES A LICENSE FOR THE LAWFUL OPERATION OF**
 27 **RESIDENTIAL RENTAL PROPERTY.**

28 **(2) THIS SECTION DOES NOT APPLY TO AN ACTION UNDER § 8-402 OR**
 29 **§ 8-402.1 OF THIS SUBTITLE WHERE THE LANDLORD SHOWS THAT THE ACTIONS OF**
 30 **THE TENANT CAUSED THE LICENSING AUTHORITY TO SUSPEND, REVOKE, OR**
 31 **REFUSE TO GRANT OR ~~REVIEW~~ RENEW THE RENTAL LICENSE.**

32 **(B) IF A LANDLORD ASSERTS THAT RENTAL PROPERTY IS NOT LICENSED IN**
 33 **COMPLIANCE WITH APPLICABLE LOCAL RENTAL LICENSING REQUIREMENTS DUE TO**
 34 **THE ACTIONS OF A TENANT, THE LANDLORD MAY FILE AN ACTION UNDER § 8-402 OR**
 35 **§ 8-402.1 OF THIS SUBTITLE ONLY AFTER THE LANDLORD PROVIDES THE TENANT**
 36 **WITH WRITTEN NOTICE OF THE ASSERTION THAT THE TENANT CAUSED THE**
 37 **LICENSING AUTHORITY TO SUSPEND, REVOKE, OR REFUSE TO GRANT OR ~~REVIEW~~**
 38 **RENEW THE RENTAL LICENSE AT LEAST 30 DAYS BEFORE FILING THE ACTION.**

1 ~~(B)~~ (C) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS
 2 SUBSECTION, ON THE FILING OF A WRITTEN COMPLAINT TO REPOSSESS
 3 RESIDENTIAL PROPERTY UNDER § 8-401, § 8-402, OR § 8-402.1 OF THIS SUBTITLE
 4 OR UNDER SUBTITLE 9 OF THE CODE OF PUBLIC LOCAL LAWS OF BALTIMORE, THE
 5 LANDLORD SHALL ~~SUBMIT TO THE CLERK OF THE DISTRICT COURT IN THE COUNTY~~
 6 ~~WHERE THE PROPERTY IS LOCATED RECORDS DEMONSTRATING PLEAD AND~~
 7 DEMONSTRATE THAT THE PROPERTY IS:

8 (I) LICENSED IN COMPLIANCE WITH APPLICABLE LOCAL
 9 RENTAL LICENSING REQUIREMENTS; OR

10 (II) EXEMPT FROM APPLICABLE LOCAL RENTAL LICENSING
 11 REQUIREMENTS.

12 (2) THIS SUBSECTION DOES NOT APPLY TO AN ACTION TO REPOSSESS
 13 FOR BREACH OF LEASE UNDER § 8-402.1(A)(1)(I)2B OF THIS SUBTITLE.

14 ~~(C)~~ (D) (1) AT TRIAL, THE LANDLORD MUST ~~PROVE BY A~~
 15 ~~PREPONDERANCE OF THE EVIDENCE~~ DEMONSTRATE TO THE SATISFACTION OF THE
 16 COURT THAT THE PROPERTY LISTED IN THE WRITTEN COMPLAINT IS LICENSED
 17 WITH THE JURISDICTION OR IS EXEMPT FROM APPLICABLE LICENSING
 18 REQUIREMENTS.

19 (2) ~~(I)~~ TO SATISFY THE REQUIREMENTS OF THIS SUBSECTION, A
 20 LANDLORD MAY PROVIDE ELECTRONIC PROOF OF LICENSURE.

21 ~~(II) A TEMPORARY OR PROVISIONAL LICENSE IN ANY FORM IS~~
 22 ~~INSUFFICIENT PROOF OF LICENSURE.~~

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
 24 October 1, 2022.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.