



House Bill 1273 - Real Property – Commercial Lease Addendum – Liquidated Damages

Position: Oppose

The Maryland REALTORS® offers its opposition to HB 1273, which imposes a minimum award of \$1,000 in liquidated damages for a landlord breach of a commercial lease, unless a higher award is provided.

Typically, some nexus must exist between the damages awarded and the loss incurred by parties under a lease agreement. Under HB 1273, \$1,000 would be awarded even in cases where a breach of the lease resulted in no financial or other harm to a tenant. In this instance, it becomes more of a penalty clause than a damage award. Courts have often found that liquidated damages clauses that function as financial penalties are unenforceable.

Because of this, the Maryland REALTORS® ask for an unfavorable report.

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