



## **Senate Bill 130 – Landlord and Tenant – Failure to Pay Rent – Fee Limit During Emergencies**

### **Position: Oppose**

The Maryland REALTORS® opposes SB 130 which imposes a limit on late fees during the current emergency orders related to COVID-19 and for 9 months after the state of emergency.

REALTORS® often manage property for owners who lease their single-family property for many reasons. Sometimes it is because the owner is seeking to create additional income for their family by holding onto property they once lived in. Sometimes, they choose rental real estate as a separate investment vehicle where the rent helps pay the mortgage so that they will eventually have equity in the property at the end of the mortgage term. Sometimes, it is because the owner of the property was under water and instead of selling the property at a loss, they keep it until the market prices recover so they don't lose equity. Other times an owner may have a temporary but longer-term job relocation and they would like to hold onto the property and move back in when their temporary assignment is over.

The COVID-19 pandemic has caused significant economic challenges for tenants and landlords alike. While much attention has appropriately been focused on tenants, it is also true that the impact on many small landlords has been equally tough. While many landlords work hard to provide safe housing and work with their tenants who are experiencing financial challenges, some smaller landlords don't have a lot of flexibility.

While SB 130 makes a good effort to require the kind of documentation that landlords would need to determine the position of the tenant, the REALTORS® are concerned that these costs will be born by landlords who will still be liable for the mortgage – even if forbearance has been granted – and will still be liable for costs to maintain the property in a safe a habitable manner regardless of whatever economic disruption they are experiencing personally.

Some property managers report to us that their smaller owners are opting out of renting their properties due to the uncertainty of collecting rent combined with a strong sales market that will allow them to recoup some of their equity in their property. The REALTORS® believe the only solution that adequately solves both the tenant and landlord's problems are rental assistance programs that keep tenants in housing and allow landlords to meet their financial obligations.

For these reasons, the REALTORS® recommend an unfavorable report.

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