

SB 628 2.pdf

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Position: FAV



Senate Bill 628 – Landlord and Tenant – Establishment of Rent Escrow Accounts – Time Limit

Position: Support

The Maryland REALTORS® support SB 628 which affects court ordered escrows.

Rent escrows are often ordered by judges when a tenant who is brought into court by the landlord argues that the landlord breached one of their duties and for that reason the tenant is not at fault. After the judge orders rent escrow, he will have the parties back to address the original complaint and whether the reason cited for rent escrow was resolved. However, it is not uncommon for a landlord to show up at the next trial date and the rent still has not been deposited in the rent escrow account.

The bill will make clear that any rent escrow created for a nonpayment of rent, holding over or breach of lease case would be paid on the date of the court order. When a party seeks redress with the courts, the scheduling of the cases takes at least 10-15 days and, in some counties, may not occur until the following month. A tenant has plenty of time to prepare their rent for this escrow requirement. If the landlord fails to correct an underlying condition, the rent will not be paid over to the landlord.

The REALTORS® believe SB 628 will ensure that rent escrow accounts work as intended and encourages a favorable report.

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MMHA- SB 628 2021- favorable.pdf

Uploaded by: Keller, Jessie

Position: FAV



Bill Title: Senate Bill 628 – Landlord and Tenant – Establishment of Rent Escrow Accounts-Time Limit

Committee: Judiciary

Date: March 2, 2021

Position: Favorable

This testimony is offered on behalf of the Maryland Multi-Housing Association (MMHA). MMHA is a professional trade association established in 1996, whose members consist of owners and managers of more than 215,000 rental housing homes in over 958 apartment communities. Our members house over 556,000 residents of the State of Maryland. MMHA also represents over 250 associate member companies who supply goods and services to the multi-housing industry.

Senate Bill 628 requires that the District Court shall require a tenant who receives a court order to pay rent into a certain escrow account to establish the account on the day the order is entered and reduces the timeframe for the defendant to place the fair market rental value of the allegedly wrongfully detained property into court from within 5 days after the date to on the day the court entered the order for a wrongful detainer action.

MMHA supports efforts to improve efficiencies within the court system and standardized the payment timeframes for rent escrow cases. Reducing delays for when a landlord can receive payment for wrongful detainer orders is an evenhanded approach that coincides with the spirit of the law for the property owner to receive the rightful return of their property, and to be timely compensated for the loss of rental value where the Court finds that the property is wrongfully occupied by a person without a lawful possessory interest in the property.

Jessie Keller, MMHA Government and Community Affairs Manager, 410.413.1420

MD Judiciary - Testimony SB 628.pdf

Uploaded by: Elalamy, Sara

Position: UNF

MARYLAND JUDICIAL CONFERENCE
GOVERNMENT RELATIONS AND PUBLIC AFFAIRS

Hon. Mary Ellen Barbera
Chief Judge

187 Harry S. Truman Parkway
Annapolis, MD 21401

MEMORANDUM

TO: Senate Judicial Proceedings Committee
FROM: Legislative Committee
Suzanne D. Pelz, Esq.
410-260-1523
RE: Senate Bill 628
Landlord and Tenant – Establishment of Rent Escrow Accounts –
Time Limit
DATE: February 10, 2021
(3/2)
POSITION: Oppose

The Maryland Judiciary opposes Senate Bill 628. This bill requires a tenant who receives a court order to pay rents into a certain escrow account to establish the escrow account on the day the order is entered. It also requires a certain order relating to a wrongful detainer action to require a certain amount to be paid on the day the order is entered.

The bill eliminates the ability to establish a date certain for payments to be made by requiring the tenant to make payment when the order is entered. This is impracticable for many reasons and creates an unrealistic burden for the clerk's office to process on that day. People do not come to court typically with that kind of money, and if a case is towards the end of the day getting, for example, a money order may not be possible.

In addition, this bill takes away judicial discretion about when to order that rent be paid into escrow. It is also not clear what happens if rent is not paid into escrow on the same day as the order.

cc. Hon. Edward Reilly
Judicial Council
Legislative Committee
Kelley O'Connor

SB 628 Oppose Letter (2021)(FINAL).pdf

Uploaded by: Wilpone-Welborn, Kira

Position: UNF

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February 26, 2021

To: The Honorable William C. Smith Jr.
Chair, Judicial Proceedings Committee

From: Kira Wilpone-Welborn
Consumer Protection Division

Re: Senate Bill 628 – Landlord and Tenant - Establishment of Rent Escrow Accounts - Time Limit (OPPOSE)

The Consumer Protection Division of the Office of the Attorney General (the "Division") opposes Senate Bill 628 sponsored by Senator Reilly. Senate Bill 628 amends Md. Code Ann., Real Prop. § 8-118 to provide that if rents are ordered to be to the court's registry in an escrow account of the clerk of the circuit court, the District court shall require the tenant to establish the account on the day the order is entered. This requirement will further exacerbate the "pay-to-play" concerns the Division has previously raised related to Maryland's rent escrow law, Md. Code Ann., Real Prop. § 8-211.

The Division receives myriad complaints from tenants against landlords each year and a significant number of those complaints relate to defects and other conditions affecting the habitability of residential rental dwelling units. If the Division is unable to mediate an amicable resolution between the tenant and landlord to remedy the defects, the Division often recommends that tenants seek a judicial remedy, such as filing a rent escrow action in the District Court.

Maryland's rent escrow law makes clear that "[i]t is the public policy of Maryland that meaningful sanctions be imposed upon those who allow dangerous conditions and defects to exist in leased premises, and that an effective mechanism be established for repairing these conditions and halting their creation." Md. Code Ann., Real Prop. §8-211(b). The purpose of Maryland's rent escrow law is to provide tenants with a mechanism for encouraging the repair of serious and dangerous defects which exist within or as part of any residential dwelling unit, or as part of the common areas of the complex of which the dwelling unit forms a part; the defects sought to be reached by Maryland's rent escrow law are those which present "a substantial and serious threat of danger to the life, health and safety of the occupants of the dwelling unit," Md. Code Ann., Real Prop. §8-211(a),

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and include, but are not limited to defects such as: lack of heat, light, electricity, or hot and cold running water; lack of adequate sewage disposal facilities; infestation of rodents in two or more dwelling units; the existence of structural defects that present a serious and substantial threat to the physical safety of the occupants; or the existence of any condition which presents a health or fire hazard to the dwelling unit. Md. Code Ann., Real Prop. §8-211(e).

For a tenant to obtain relief under Maryland's Rent Escrow law, a tenant must, among other prerequisites, pay into court the amount of rent required by the lease (including any past due rent) unless the amount is modified by the court. Often tenants have expended monies they had intended to use to make timely rental payments to instead remedy defects that landlords have failed to repair or remediate or to pay for alternative housing because a unit is uninhabitable. As a result, tenants may lack funds to pay all rents due on their accounts into escrow or otherwise need time to obtain the funds to establish the account. Under the statute as it is currently written courts have discretion to set an appropriate timeframe for a tenant to pay any rents into the registry of an account of the clerk of a circuit court thus enabling tenants to obtain the relief intended by the General Assembly in enacting the Maryland's rent escrow law. Senate Bill 628's requirement that a tenant establish an account on the day a court enters an order would serve only to further exacerbate the barrier to tenants obtaining relief through rent escrow actions.

For these reasons, the Consumer Protection Division recommends an unfavorable report from the Judicial Proceedings Committee on Senate Bill 628.

cc: The Honorable Edward R. Reilly
Members, Judicial Proceedings Committee