

SB 681 – Senator Benson - Security Deposit Option – Bill Summary

Bill Hearing – Tuesday, February 22 - JPR

- Security deposits can be a significant barrier to rental housing.
- Today, tenants must pay up to two months' rent for a security deposit, in addition to the first month's rent. At an average Maryland rent of \$1,700/month, renters could need \$5,000 due at move-in.
- Although refundable, a tenant does not have access to the security deposit during the tenancy, and it is subject to deductions for any damage to the unit. The tenant is still responsible for paying the landlord for legitimate charges that surpass the security deposit.
- The Attorney General concluded that current law does not afford landlords and tenants the flexibility to pursue an alternative that decreases tenants' move-in costs and provides landlords with improved coverage.
- Under SB 681, the landlord may offer a tenant the option to pay a monthly fee that would waive the security deposit. The tenant would have the option to accept that option or pay the traditional security deposit.
- If the tenant chooses the fee option, the landlord must purchase insurance against lost rent or damage, and the fee must be within the reasonable cost of the unit's insurance premium.
- The landlord is the policyholder, and the tenant is still responsible for paying the rent and for damages incurred under the terms of the lease. When the lease has ended, the landlord must provide the tenant evidence of any damage, or outstanding rent. If the tenant does not pay, the landlord may submit a claim to its insurer. The tenant has no role in the claims process.
- Since last session, LeaseLock (<https://lease.lock.com/zero-deposit/>) worked extensively with tenant rights advocates and the Attorney General to strengthen the bill and ensure tenants receive proper disclosures when offered these options, and maintain the same rights and protections they would have under a landlord attempting to withhold all or part of a security deposit.
- The bill also includes provisions unique to Maryland, including a one-month security deposit limit if a landlord offers the option to a single tenant in the building.
- Likewise, LeaseLock has worked with the Multi-Housing Association and AOBA. Landlords would like to explore this option as tenants in 45 states have decided to choose the security alternative 92% of the time.
- We believe this option could be a new tool to help Marylanders access housing, especially those without financial means to afford sizable security deposits, those with a new (and/or difficult) financial situation, or persons who need to find new housing quickly.

If you have any questions, please contact Josh White at 443-994-5620 or josh@pwrjmaryland.com