



**Senate Bill 681 – Real Property – Residential Leases – Fee in Lieu of Deposit**

**Position: Unfavorable**

Although the Maryland REALTORS® support fee in lieu options for landlords and tenants, the REALTORS® are concerned that the bill creates confusion regarding the amount of rent that can be held in a security deposit.

Under current law, a security deposit can be no more than two months rent. SB 681 provides that when a landlord offers the fee in lieu but the tenant does not choose it, the landlord would be limited to up to one month rent as a security deposit. If a landlord is going to offer a choice between a security deposit and a fee in lieu option, the security deposit rules shouldn't change.

While a fee in lieu option may be a good choice for some landlords and tenants, security deposits also provide some benefit to tenants and shouldn't be disincentivized. Unlike a fee in lieu insurance product, a security deposit may be completely recoverable if there is no damage or unpaid rent. A security deposit will likely cover the cost of damages and would not impact a tenant who already fronted the money. Under a fee in lieu insurance alternative, a tenant will need to come up with the money to fund the unpaid sums to reimburse the insurer.

For these reasons, the Maryland REALTORS® recommends an unfavorable report.

**For more information contact [bill.castelli@mdrealtor.org](mailto:bill.castelli@mdrealtor.org),  
[susan.mitchell@mdrealtor.org](mailto:susan.mitchell@mdrealtor.org), [theresa.kuhns@mdrealtor.org](mailto:theresa.kuhns@mdrealtor.org);  
[lisa.may@mdrealtor.org](mailto:lisa.may@mdrealtor.org)**