

HOUSE BILL 343

N1

2lr1914

By: **Delegates Novotny and Arentz**

Introduced and read first time: January 19, 2022

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Residential Rental Properties and Mobile Home Parks – Security Deposits –**
3 **Rate of Interest**

4 FOR the purpose of altering the calculation of simple interest on security deposits held by
5 a residential landlord or a mobile home park owner and owed to a residential tenant
6 or mobile home park resident by repealing the requirement that interest be
7 calculated at a certain fixed percentage, per year, if that percentage exceeds the U.S.
8 Treasury yield curve rate; and generally relating to security deposits for residential
9 rental properties and mobile home parks.

10 BY repealing and reenacting, with amendments,
11 Article – Real Property
12 Section 8–203(e), (h), and (k) and 8A–1001(f)
13 Annotated Code of Maryland
14 (2015 Replacement Volume and 2021 Supplement)

15 BY repealing and reenacting, without amendments,
16 Article – Real Property
17 Section 8–203(l) and 8A–1001(h)
18 Annotated Code of Maryland
19 (2015 Replacement Volume and 2021 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
21 That the Laws of Maryland read as follows:

22 **Article – Real Property**

23 8–203.

24 (e) (1) Within 45 days after the end of the tenancy, the landlord shall return
25 the security deposit to the tenant together with simple interest which has accrued at the

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 daily U.S. Treasury yield curve rate for 1 year, as of the first business day of each year, [or
2 1.5% a year, whichever is greater,] less any damages rightfully withheld.

3 (2) (i) Except as provided in subparagraph (ii) of this paragraph,
4 interest shall accrue at monthly intervals from the day the tenant gives the landlord the
5 security deposit. Interest is not compounded.

6 (ii) No interest is due or payable:

7 1. Unless the landlord has held the security deposit for at
8 least 6 months; or

9 2. For any period less than a full month.

10 (3) Interest shall be payable only on security deposits of \$50 or more.

11 (4) If the landlord, without a reasonable basis, fails to return any part of
12 the security deposit, plus accrued interest, within 45 days after the termination of the
13 tenancy, the tenant has an action of up to threefold of the withheld amount, plus reasonable
14 attorney's fees.

15 (h) (1) The provisions of subsections (e)(1) and (4) and (g)(1) and (2) of this
16 section are inapplicable to a tenant who has been evicted or ejected for breach of a condition
17 or covenant of a lease prior to the termination of the tenancy or who has abandoned the
18 premises prior to the termination of the tenancy.

19 (2) (i) A tenant specified in paragraph (1) of this subsection may
20 demand return of the security deposit by giving written notice by first-class mail to the
21 landlord within 45 days of being evicted or ejected or of abandoning the premises.

22 (ii) The notice shall specify the tenant's new address.

23 (iii) The landlord, within 45 days of receipt of such notice, shall
24 present, by first-class mail to the tenant, a written list of the damages claimed under
25 subsection (f)(1) of this section together with a statement of the costs actually incurred and
26 shall return to the tenant the security deposit together with simple interest which has
27 accrued at the daily U.S. Treasury yield curve rate for 1 year, as of the first business day
28 of each year, [or 1.5% a year, whichever is greater,] less any damages rightfully withheld.

29 (3) (i) If a landlord fails to send the list of damages required by
30 paragraph (2) of this subsection, the right to withhold any part of the security deposit for
31 damages is forfeited.

32 (ii) If a landlord fails to return the security deposit as required by
33 paragraph (2) of this subsection, the tenant has an action of up to threefold of the withheld
34 amount, plus reasonable attorney's fees.

(4) Except to the extent specified, this subsection may not be interpreted to alter the landlord's duties under subsections (e) and (g) of this section.

(k) The Department of Housing and Community Development shall maintain on its [Web site] **WEBSITE**:

(1) A list of daily U.S. Treasury yield curve rates for 1 year, as of the first business day of each year, to be used in calculating the interest on a security deposit; or

(2) A customized calculator that calculates the interest due on a security deposit by allowing a user to enter the date that the security deposit was given to the landlord, a tenancy end date, and the amount of the security deposit.

(l) A landlord is entitled to rely on the list of yield curve rates or the customized calculator maintained by the Department of Housing and Community Development under subsection (k) of this section when calculating the interest on a security deposit.

8A-1001.

(f) (1) Within 45 days after the end of the tenancy, the park owner shall return the security deposit to the resident together with simple interest which has accrued at the daily U.S. Treasury yield curve rate for 1 year, as of the first business day of each year, [or 1.5% a year, whichever is greater,] less any damages rightfully withheld.

(2) (i) Except as provided in subparagraph (ii) of this paragraph, interest shall accrue at monthly intervals from the day the resident gives the park owner the security deposit. Interest is not compounded.

(ii) No interest is due or payable:

1. Unless the park owner has held the security deposit for at least 6 months; or

2. For any period less than a full month.

(3) Interest shall be payable only on security deposits of \$50 or more.

(4) If the park owner, without a reasonable basis, fails to return any part of the security deposit, plus accrued interest, within 45 days after the termination of the tenancy, the resident has an action of up to threefold of the withheld amount, plus reasonable attorney's fees.

(h) A park owner is entitled to rely on the list of yield curve rates or the customized calculator maintained by the Department of Housing and Community Development under § 8-203(k) of this article when calculating the interest on a security deposit.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to
2 apply only prospectively and may not be applied or interpreted to have any effect on or
3 application to any security deposit, as defined in §§ 8–203(a) and 8A–101 of the Real
4 Property Article, imposed by a landlord before the effective date of this Act.

5 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 October 1, 2022.