

SENATE BILL 1167

N1

4lr3544
CF HB 1108

By: **Senator Benson**

Introduced and read first time: February 14, 2024

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Real Property – Residential Leases – Fee in Lieu of a Security Deposit**

3 FOR the purpose of authorizing a landlord to offer the payment of a fee in lieu of a security
4 deposit in a residential lease subject to certain requirements; requiring a landlord to
5 purchase certain insurance coverage using a fee in lieu of a security deposit and
6 establishing certain procedures if the landlord does not purchase insurance coverage
7 or the insurance coverage is terminated by an insurer; establishing certain
8 procedural requirements for a landlord and an insurer relating to certain insurance
9 claims; authorizing a tenant to dispute certain claims by a landlord and providing
10 that claims by a landlord or an insurer are void under certain circumstances;
11 providing that a tenant is entitled to certain damages and attorney's fees under
12 certain circumstances; and generally relating to fees in lieu of security deposits for
13 residential leases.

14 BY repealing and reenacting, without amendments,
15 Article – Real Property
16 Section 8–203(a)(1)
17 Annotated Code of Maryland
18 (2023 Replacement Volume)

19 BY repealing and reenacting, with amendments,
20 Article – Real Property
21 Section 8–203(a)(3)
22 Annotated Code of Maryland
23 (2023 Replacement Volume)

24 BY adding to
25 Article – Real Property
26 Section 8–203.2
27 Annotated Code of Maryland
28 (2023 Replacement Volume)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

Article – Real Property

8–203.

(a) (1) In this section the following words have the meanings indicated.

(3) (I) “Security deposit” means any payment of money, including payment of the last month’s rent in advance of the time it is due, given to a landlord by a tenant in order to protect the landlord against nonpayment of rent, damage due to breach of lease, or damage to the leased premises, common areas, major appliances, and furnishings.

(II) “SECURITY DEPOSIT” DOES NOT INCLUDE A FEE IN LIEU OF A SECURITY DEPOSIT UNDER § 8–203.2 OF THIS SUBTITLE.

8–203.2.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) “SECURITY DEPOSIT” HAS THE MEANING STATED IN § 8–203 OF THIS SUBTITLE.

(3) “UNPAID SUMS DUE UNDER THE LEASE” MEANS:

(I) ANY UNPAID RENT, FEES, COSTS, OR CHARGES REQUIRED UNDER A LEASE;

(II) A LANDLORD’S LOSSES DUE TO BREACH OF LEASE; OR

(III) COSTS TO REPAIR DAMAGE BY THE TENANT OR THE TENANT’S FAMILY, AGENTS, EMPLOYEES, GUESTS, OR INVITEES IN EXCESS OF ORDINARY WEAR AND TEAR TO THE LEASED PREMISES, MAJOR APPLIANCES, AND FURNISHINGS OWNED BY THE LANDLORD.

(B) (1) A LANDLORD MAY OFFER A FEE IN LIEU OF A SECURITY DEPOSIT IN ACCORDANCE WITH THE REQUIREMENTS OF THIS SECTION AND ANY OTHER APPLICABLE STATE OR FEDERAL LAW.

(2) A COUNTY OR MUNICIPALITY MAY NOT REQUIRE A LANDLORD TO

1 OFFER A FEE IN LIEU OF A SECURITY DEPOSIT.

2 (3) AN AGREEMENT TO PAY A FEE IN LIEU OF A SECURITY DEPOSIT IS
3 NOT A DEFENSE IN AN ACTION BROUGHT BY A LANDLORD UNDER § 8-401 OF THIS
4 TITLE FOR A TENANT'S FAILURE TO PAY RENT.

5 (C) (1) A LANDLORD OFFERING A FEE IN LIEU OF A SECURITY DEPOSIT:

6 (I) SHALL INFORM THE TENANT IN WRITING OF:

7 1. THE AMOUNT OF THE FEE IN LIEU OF A SECURITY
8 DEPOSIT ON A PER-MONTH BASIS AND OVER THE COURSE OF THE LEASE TERM;

9 2. A. THE AMOUNT OF THE SECURITY DEPOSIT THAT
10 THE LANDLORD WOULD OTHERWISE REQUIRE; AND

11 B. THE LANDLORD'S ABILITY TO WITHHOLD ALL OR
12 PART OF A SECURITY DEPOSIT TO PAY FOR DAMAGES BEYOND ORDINARY WEAR AND
13 TEAR OR UNPAID RENT AND THAT ANY DEPOSIT AMOUNT BEYOND AMOUNTS
14 WITHHELD FOR DAMAGES WILL BE RETURNED TO THE TENANT WITH INTEREST IN
15 ACCORDANCE WITH § 8-203(E)(1) OF THIS SUBTITLE; AND

16 3. THE TENANT'S RESPONSIBILITY TO PAY FOR:

17 A. RENT; AND

18 B. DAMAGES BEYOND ORDINARY WEAR AND TEAR;

19 (II) MAY NOT CHARGE A TENANT FOR COSTS OF REPAIRING
20 ORDINARY WEAR AND TEAR AS PART OF THE FEE IN LIEU OF A SECURITY DEPOSIT;

21 (III) SHALL COLLECT THE FEE IN LIEU OF A SECURITY DEPOSIT
22 IN EQUAL MONTHLY PAYMENTS WITH RENT;

23 (IV) MAY NOT INCREASE THE MONTHLY AMOUNT OF THE FEE IN
24 LIEU OF A SECURITY DEPOSIT DURING THE TERM OF THE LEASE; AND

25 (V) DURING A SINGLE TENANCY IN A UNIT, MAY NOT CHARGE A
26 TENANT A FEE IN LIEU OF A SECURITY DEPOSIT THAT, IN AGGREGATE, EXCEEDS 2
27 MONTHS' RENT.

28 (2) DISCLOSURES REQUIRED UNDER PARAGRAPH (1) OF THIS
29 SUBSECTION SHALL BE IN SUBSTANTIALLY THE FOLLOWING FORM:

1 **“YOU MAY PAY A MONTHLY FEE IN LIEU OF A SECURITY DEPOSIT. THIS FEE IS**
2 **NOT A SECURITY DEPOSIT AND WILL NOT BE REFUNDED WHEN YOU MOVE. BY**
3 **PAYING THIS FEE, THE LANDLORD IS PERMITTING YOU TO MOVE INTO THE HOUSING**
4 **UNIT WITHOUT PAYING A SECURITY DEPOSIT. IF YOU DO NOT MAKE ALL PAYMENTS**
5 **REQUIRED UNDER THE LEASE, OR IF YOU DAMAGE THE PREMISES BEYOND WEAR**
6 **RESULTING FROM ITS ORDINARY USE, YOU MAY BE REQUIRED BY THE LANDLORD,**
7 **AN INSURANCE COMPANY, OR A DEBT COLLECTION SERVICE TO PAY THE UNPAID**
8 **AMOUNTS, INCLUDING COSTS OF REPAIRING THE DAMAGES THAT ARE IN EXCESS OF**
9 **ORDINARY WEAR AND TEAR.**

10 **MARYLAND STATE LAW OFFERS YOU THE FOLLOWING OPTIONS:**

11 **(1) PAYING THE FULL SECURITY DEPOSIT ON SIGNING THE LEASE; OR**

12 **(2) IF OFFERED BY THE LANDLORD, PAYING A MONTHLY FEE IN LIEU**
13 **OF A SECURITY DEPOSIT.**

14 **IF YOU CHOOSE A MONTHLY FEE IN LIEU OF A SECURITY DEPOSIT, INSTEAD OF**
15 **A SECURITY DEPOSIT OR THE LAST MONTH’S RENT IN THE AMOUNT OF \$_____,**
16 **YOUR RECURRING MONTHLY CHARGE WILL BE \$_____ IN ADDITION TO YOUR**
17 **MONTHLY RENT AND WILL TOTAL \$_____ OVER THE COURSE OF THE LEASE**
18 **TERM.**

19 **IN THE EVENT THAT YOUR TENANCY TERMINATES AND YOU HAVE NOT PAID**
20 **RENT OR OTHER AMOUNTS DUE IN ACCORDANCE WITH THE LEASE AND YOU HAVE**
21 **NOT PAID TO REPAIR DAMAGES THAT ARE IN EXCESS OF WEAR RESULTING FROM**
22 **ORDINARY USE OF THE PREMISES, INSURANCE COVERAGE WILL PAY YOUR**
23 **LANDLORD UP TO \$_____.**

24 **IMPORTANT: IF YOU CHOOSE A MONTHLY FEE IN LIEU OF A SECURITY**
25 **DEPOSIT:**

26 **(1) YOU ARE NOT AN INSURED PARTY UNDER AN INSURANCE POLICY**
27 **PURCHASED BY THE LANDLORD USING YOUR MONTHLY FEE IN LIEU OF A SECURITY**
28 **DEPOSIT;**

29 **(2) YOU ARE NOT A BENEFICIARY OF ANY INSURANCE COVERAGE OR**
30 **INSURANCE BENEFITS UNDER AN INSURANCE POLICY PURCHASED BY THE**
31 **LANDLORD USING YOUR MONTHLY FEE IN LIEU OF A SECURITY DEPOSIT; AND**

32 **(3) YOU ARE STILL OBLIGATED TO PAY RENT AND ALL PAYMENTS**
33 **REQUIRED UNDER THE TERMS OF THE LEASE, INCLUDING COSTS TO REPAIR**

1 DAMAGES BEYOND WEAR RESULTING FROM ORDINARY USE OF THE PREMISES.

2 THE LANDLORD MAY SEEK PAYMENT FROM YOU BEFORE FILING ANY CLAIMS
3 WITH THE INSURANCE PROVIDER. IF YOU FAIL TO PAY THE LANDLORD FOR RENT,
4 COSTS TO REPAIR DAMAGES BEYOND WEAR RESULTING FROM ORDINARY USE OF
5 THE PREMISES, OR OTHER REQUIRED PAYMENTS, AND THOSE PAYMENTS ARE PAID
6 BY THE LANDLORD, THE INSURER MAY SEEK REIMBURSEMENT FROM YOU FOR ANY
7 PAYMENTS MADE TO THE LANDLORD FOR THESE ITEMS. IF YOU CHOOSE A MONTHLY
8 FEE IN LIEU OF A SECURITY DEPOSIT, YOU ARE PERMITTED AT ANY TIME TO PAY THE
9 LANDLORD A SECURITY DEPOSIT IN THE AMOUNT OF \$_____ AND TO STOP
10 PAYING THE MONTHLY FEE BEGINNING IN THE MONTH FOLLOWING THE PAYMENT
11 OF THE SECURITY DEPOSIT.”.

12 (D) A LANDLORD AND A TENANT MAY AGREE TO A RECURRING FEE IN LIEU
13 OF A SECURITY DEPOSIT SUBJECT TO THE TERMS OF A LEASE AGREEMENT.

14 (E) IF A LANDLORD AND A TENANT AGREE TO PAYMENT OF A FEE IN LIEU OF
15 A SECURITY DEPOSIT, THE LANDLORD SHALL DISCLOSE IN THE TERMS OF THE
16 LEASE OR ANY ADDENDUM TO THE LEASE, AND THE TENANT SHALL SEPARATELY
17 ACKNOWLEDGE:

18 (1) THAT THE TENANT AGREES TO PAY, AND THE LANDLORD AGREES
19 TO ACCEPT, A FEE IN LIEU OF A SECURITY DEPOSIT;

20 (2) THE AMOUNT AND FREQUENCY OF THE FEE IN LIEU OF A
21 SECURITY DEPOSIT;

22 (3) WHETHER THE FEE IN LIEU OF A SECURITY DEPOSIT IS
23 NONREFUNDABLE;

24 (4) THAT THE TENANT MAY OPT OUT OF A RECURRING FEE IN LIEU OF
25 A SECURITY DEPOSIT OBLIGATION BY PAYING THE LANDLORD THE FULL AMOUNT OF
26 THE SECURITY DEPOSIT;

27 (5) THAT A TENANT PAYING A FEE IN LIEU OF A SECURITY DEPOSIT IS
28 NOT PURCHASING INSURANCE AND THE TENANT IS NOT COVERED BY INSURANCE
29 PURCHASED BY THE LANDLORD;

30 (6) THAT THE PAYMENT OF A FEE IN LIEU OF A SECURITY DEPOSIT
31 DOES NOT REMOVE THE OBLIGATION OF THE TENANT TO:

32 (I) PAY RENT, FEES, AND ALL OTHER PAYMENTS REQUIRED BY
33 THE LEASE AGREEMENT; AND

(II) RETURN THE LEASED PREMISES TO THE LANDLORD IN THE
CONDITION REQUIRED UNDER THE LEASE;

(7) THAT THE PAYMENT OF A FEE IN LIEU OF A SECURITY DEPOSIT
DOES NOT PRECLUDE THE LANDLORD OR AN INSURER FROM TAKING ACTION
AGAINST THE TENANT TO RECOVER ANY UNPAID SUMS DUE UNDER THE LEASE,
INCLUDING TRANSFERRING A CLAIM FOR RECOVERY TO A THIRD PARTY; AND

(8) THE TERMS OF ANY INSURANCE COVERAGE PURCHASED BY THE
LANDLORD FOR ANY UNPAID SUMS UNDER THE LEASE, INCLUDING THE AMOUNT OF
EXCLUSIONS OR CAPS ON THE INSURANCE COVERAGE, IF ANY.

(F) (1) IF A LANDLORD OFFERS A PROSPECTIVE TENANT PAYMENT OF A
FEE IN LIEU OF A SECURITY DEPOSIT, THE LANDLORD SHALL OFFER ALL
PROSPECTIVE TENANTS IN THE SAME RENTAL COMMUNITY THE OPTION OF
PAYMENT OF A FEE IN LIEU OF A SECURITY DEPOSIT WITHOUT REGARD TO A
PROSPECTIVE TENANT'S:

(I) INCOME OR SOURCE OF INCOME;

(II) RACE;

(III) GENDER;

(IV) DISABILITY;

(V) SEXUAL ORIENTATION;

(VI) IMMIGRATION STATUS;

(VII) SIZE OF HOUSEHOLD; OR

(VIII) CREDIT SCORE FOLLOWING THE APPROVAL OF THE
PROSPECTIVE TENANT'S RENTAL APPLICATION.

(2) A LANDLORD MAY CEASE OFFERING A FEE IN LIEU OF A SECURITY
DEPOSIT TO PROSPECTIVE TENANTS AT ANY TIME.

(G) (1) A TENANT WHO CHOOSES TO PAY A FEE IN LIEU OF A SECURITY
DEPOSIT MAY HAVE THE UNIT INSPECTED BY THE LANDLORD IN THE TENANT'S
PRESENCE FOR THE PURPOSE OF MAKING A WRITTEN LIST OF ANY DAMAGE THAT
EXISTS AT THE COMMENCEMENT OF THE TENANCY.

1 **(2) A TENANT WHO WISHES TO HAVE A UNIT INSPECTED PRIOR TO**
2 **THE COMMENCEMENT OF A TENANCY SHALL NOTIFY THE LANDLORD BY CERTIFIED**
3 **MAIL AT LEAST 15 DAYS BEFORE THE COMMENCEMENT OF THE TENANT'S**
4 **OCCUPANCY OF THE UNIT.**

5 **(3) A LANDLORD SHALL MAINTAIN DOCUMENTATION OF ANY DAMAGE**
6 **FOUND DURING AN INSPECTION PERFORMED UNDER THIS SUBSECTION.**

7 **(H) (1) (I) ON THE REQUEST OF A TENANT, A LANDLORD OR AN AGENT**
8 **OF THE LANDLORD SHALL INSPECT THE UNIT IN THE TENANT'S PRESENCE TO**
9 **ASSESS ANY DAMAGE INCURRED DURING THE TENANT'S OCCUPANCY.**

10 **(II) A REQUEST FOR THE INSPECTION OF A UNIT UNDER**
11 **SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE SENT TO THE LANDLORD BY**
12 **CERTIFIED MAIL AT LEAST 15 DAYS BEFORE THE DATE THE TENANT INTENDS TO**
13 **RETURN POSSESSION OF THE UNIT TO THE LANDLORD.**

14 **(III) A REQUEST TO A LANDLORD FOR AN INSPECTION SHALL**
15 **INCLUDE:**

16 **1. THE DATE THAT THE TENANT INTENDS TO RETURN**
17 **POSSESSION OF THE UNIT TO THE LANDLORD; AND**

18 **2. THE TENANT'S NEW ADDRESS.**

19 **(2) (I) ON RECEIPT OF A REQUEST FOR INSPECTION UNDER**
20 **PARAGRAPH (1) OF THIS SUBSECTION, THE LANDLORD SHALL NOTIFY THE TENANT**
21 **BY CERTIFIED MAIL OF THE TIME AND DATE WHEN THE PREMISES ARE TO BE**
22 **INSPECTED.**

23 **(II) INSPECTION OF A UNIT SHALL OCCUR NOT EARLIER THAN 5**
24 **DAYS BEFORE AND NOT LATER THAN 5 DAYS AFTER THE DATE THAT THE TENANT**
25 **INTENDS TO RETURN POSSESSION OF THE UNIT TO THE LANDLORD AS INDICATED IN**
26 **THE TENANT'S REQUEST FOR INSPECTION.**

27 **(I) (1) (I) A LANDLORD SHALL USE A FEE PAID IN LIEU OF A SECURITY**
28 **DEPOSIT TO PURCHASE INSURANCE COVERAGE IN AN AMOUNT NOT EXCEEDING THE**
29 **COST OF OBTAINING AND ADMINISTERING THE INSURANCE FOR UNPAID SUMS DUE**
30 **UNDER THE LEASE.**

31 **(II) BEFORE JANUARY 1, 2028, INSURANCE PURCHASED UNDER**
32 **THIS PARAGRAPH SHALL BE PURCHASED FROM AN INSURER THAT IS REGISTERED**

1 AND IN GOOD STANDING WITH THE MARYLAND INSURANCE ADMINISTRATION.

2 (III) ON OR AFTER JANUARY 1, 2028, INSURANCE PURCHASED
3 UNDER THIS PARAGRAPH SHALL BE PURCHASED FROM AN ADMITTED INSURER
4 LICENSED BY THE MARYLAND INSURANCE ADMINISTRATION.

5 (IV) A LANDLORD MAY NOT DISCONTINUE OR ALTER THE TERMS
6 OF INSURANCE PURCHASED IN ACCORDANCE WITH THIS PARAGRAPH DURING THE
7 TERM OF THE LEASE.

8 (V) IF AN INSURER REFUNDS ANY PREMIUM TO THE LANDLORD
9 AND IF THERE ARE NO CLAIMS FILED WITH THE INSURER, A LANDLORD SHALL
10 REFUND A PROPORTIONAL AMOUNT OF THE FEE IN LIEU OF A SECURITY DEPOSIT
11 COLLECTED TO EACH TENANT THAT PAID THE FEE IN LIEU OF A SECURITY DEPOSIT
12 DURING THE IMMEDIATELY PRECEDING CALENDAR YEAR.

13 (2) IF AN INSURER REFUSES OR IS OTHERWISE UNABLE TO PROVIDE
14 COVERAGE FOR UNPAID SUMS DUE UNDER THE LEASE, THE LANDLORD:

15 (I) MAY CONTINUE TO CHARGE A FEE PAID IN LIEU OF A
16 SECURITY DEPOSIT WITHOUT PENALTY PROVIDED THAT THE LANDLORD ATTEMPTS
17 TO PURCHASE NEW INSURANCE COVERAGE FOR UNPAID SUMS DUE UNDER A LEASE
18 RETROACTIVE TO THE DATE OF CANCELLATION OF THE PRIOR COVERAGE; OR

19 (II) SHALL DISCONTINUE THE FEE IN LIEU OF A SECURITY
20 DEPOSIT AND MAY NOT REQUIRE A SECURITY DEPOSIT.

21 (3) IF A LANDLORD FAILS TO PURCHASE OR IS UNABLE TO SECURE
22 INSURANCE COVERAGE FOLLOWING AN INSURER REFUSING OR OTHERWISE NOT
23 PROVIDING INSURANCE, THE LANDLORD SHALL DISCONTINUE THE FEE IN LIEU OF
24 A SECURITY DEPOSIT AND MAY NOT REQUIRE A SECURITY DEPOSIT.

25 (4) A LANDLORD SHALL PROVIDE AT LEAST 60 DAYS' NOTICE PRIOR
26 TO TERMINATING A FEE IN LIEU OF A SECURITY DEPOSIT.

27 (5) IF AT THE END OF A LEASE TERM, A LANDLORD AND TENANT WISH
28 TO RENEW A LEASE BUT THE LANDLORD DECIDES TO DISCONTINUE PROVIDING THE
29 OPTION OF PAYING A FEE IN LIEU OF A SECURITY DEPOSIT, THE LANDLORD SHALL:

30 (I) PROVIDE NOTICE OF THE DECISION TO THE TENANT AT
31 LEAST 60 DAYS PRIOR TO THE END OF THE LEASE TERM; AND

32 (II) REDUCE THE SECURITY DEPOSIT REQUIRED ON THE

1 RENEWED LEASE BY THE AMOUNT OF THE TENANT'S PREVIOUS FEE PAYMENTS
2 MADE IN LIEU OF A SECURITY DEPOSIT.

3 (6) IF A LANDLORD CONTINUES TO CHARGE A FEE IN LIEU OF A
4 SECURITY DEPOSIT AFTER FAILING TO PURCHASE OR MAINTAIN INSURANCE IN
5 VIOLATION OF PARAGRAPH (1) OF THIS SUBSECTION, AND A TENANT CONTINUES TO
6 PAY A MONTHLY FEE IN LIEU OF A SECURITY DEPOSIT, ON TERMINATION OF THE
7 TENANCY, THE LANDLORD SHALL CREDIT THE TOTAL INSURANCE COVERAGE
8 STATED IN THE DISCLOSURE TO ANY AMOUNT OWED BY THE TENANT VACATING THE
9 UNIT.

10 (J) (1) ON TERMINATION OF THE TENANCY OF A TENANT PAYING A FEE
11 IN LIEU OF A SECURITY DEPOSIT, THE LANDLORD SHALL:

12 (I) PROVIDE THE TENANT WITH AN ITEMIZED LIST AND A
13 DESCRIPTION OF ALLEGED UNPAID SUMS DUE UNDER THE LEASE, IF ANY,
14 INCLUDING THE DATES THE SUMS WERE DUE AND A STATEMENT OF COSTS
15 ACTUALLY INCURRED TO REPAIR ANY DAMAGES IN EXCESS OF ORDINARY WEAR AND
16 TEAR; AND

17 (II) NOTIFY THE TENANT THAT:

18 1. THE TENANT MAY SUBMIT OBJECTIONS TO THE
19 ALLEGED UNPAID SUMS IN WRITING TO THE LANDLORD; AND

20 2. THE LANDLORD WILL SUBMIT ANY WRITTEN
21 OBJECTIONS FROM THE TENANT TO THE INSURER WHEN SUBMITTING A CLAIM.

22 (2) A LANDLORD MAY NOT SUBMIT A CLAIM TO AN INSURER FOR
23 UNPAID SUMS DUE UNDER THE LEASE:

24 (I) BEFORE THE TERMINATION OF A TENANCY;

25 (II) FOR 45 DAYS FOLLOWING THE DATE THAT THE LANDLORD
26 PROVIDED THE TENANT WITH AN INVOICE AND NOTICE UNDER PARAGRAPH (1) OF
27 THIS SUBSECTION; OR

28 (III) WITHOUT:

29 1. PROVIDING THE TENANT WITH NOTICE THAT THE
30 LANDLORD HAS SUBMITTED A CLAIM TO THE INSURER; AND

31 2. IF APPLICABLE, SUBMITTING A TENANT'S WRITTEN

1 **OBJECTIONS TO THE ALLEGED UNPAID SUMS TO THE INSURER.**

2 **(3) A LANDLORD MAY NOT ENGAGE IN ANY DEBT COLLECTION**
3 **EFFORTS AGAINST THE TENANT UNTIL AT LEAST 60 DAYS AFTER:**

4 **(I) NOTIFYING THE TENANT AND PROVIDING DOCUMENTATION**
5 **REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION; AND**

6 **(II) SUBMITTING A CLAIM TO THE INSURER.**

7 **(K) A LANDLORD THAT FILES A CLAIM FOR UNPAID SUMS DUE UNDER A**
8 **LEASE SHALL PROVIDE AN INSURER WITH:**

9 **(1) AN ITEMIZED LIST AND A DESCRIPTION OF THE ALLEGED SUMS**
10 **OWED, INCLUDING THE DATES WHEN THE UNPAID SUMS WERE DUE;**

11 **(2) A STATEMENT OF COSTS ACTUALLY INCURRED TO REPAIR**
12 **DAMAGES IN EXCESS OF ORDINARY WEAR AND TEAR; AND**

13 **(3) A COPY OF ANY WRITTEN OBJECTION OR A REPORT OF ANY**
14 **COMMUNICATION OF OBJECTION BY THE TENANT.**

15 **(L) (1) AN INSURER THAT SEEKS TO COLLECT REIMBURSEMENT FROM**
16 **THE TENANT FOR AMOUNTS PAID BY THE INSURER TO THE LANDLORD SHALL**
17 **PROVIDE TO THE TENANT:**

18 **(I) AN ITEMIZED LIST AND WRITTEN DESCRIPTION OF THE**
19 **UNPAID SUMS OWED UNDER THE LEASE THAT WERE SUBMITTED TO THE INSURER BY**
20 **THE LANDLORD, INCLUDING THE DATES WHEN UNPAID SUMS WERE DUE;**

21 **(II) A STATEMENT OF COSTS ACTUALLY INCURRED TO REPAIR**
22 **DAMAGES IN EXCESS OF ORDINARY WEAR AND TEAR THAT WERE PROVIDED TO THE**
23 **INSURER BY THE LANDLORD; AND**

24 **(III) DOCUMENTATION OF PAYMENTS MADE BY THE INSURER TO**
25 **THE LANDLORD FOR THE CLAIM.**

26 **(2) (I) AN INSURER THAT FAILS TO COMPLY WITH THIS**
27 **SUBSECTION MAY NOT MAKE A CLAIM AGAINST A TENANT.**

28 **(II) AN INSURER HAS AN OPPORTUNITY TO REMEDY A**
29 **VIOLATION OF THIS SUBSECTION WITHIN A 1-YEAR PERIOD AFTER THE DATE THE**
30 **LANDLORD'S CLAIM WAS FILED WITH THE INSURER.**

1 (M) (1) AN INSURER MAY NOT REPORT A CLAIM FILED BY A LANDLORD
2 UNDER THIS SUBSECTION TO A CREDIT REPORTING AGENCY UNLESS A JUDGMENT
3 HAS BEEN OBTAINED AGAINST THE TENANT.

4 (2) UNLESS AN INSURER AND A TENANT HAVE OTHERWISE AGREED IN
5 WRITING, AN INSURER SHALL SEEK REIMBURSEMENT FOR SUMS OWED UNDER A
6 LEASE WITHIN 1 YEAR AFTER THE DATE THE LANDLORD'S CLAIM WAS FILED WITH
7 THE INSURER.

8 (3) A TENANT MAY DISPUTE ANY CHARGES BROUGHT BY AN INSURER
9 AGAINST THE TENANT FOR REIMBURSEMENT OF A CLAIM PAID TO A LANDLORD
10 UNDER THIS SUBSECTION BY SENDING A RESPONSE TO THE INSURER WITHIN 30
11 DAYS AFTER RECEIVING NOTICE OF SUCH CHARGES BY AN INSURER.

12 (4) (I) IF A TENANT FAILS TO PAY A REQUEST BY AN INSURER OR A
13 COLLECTOR ON BEHALF OF THE INSURER FOR REIMBURSEMENT UNDER THIS
14 SUBSECTION, THE PARTY SEEKING REIMBURSEMENT MAY NOT ENGAGE IN ANY DEBT
15 COLLECTION EFFORTS AGAINST THE TENANT UNTIL 60 DAYS AFTER SENDING A
16 REQUEST FOR REIMBURSEMENT AND PROVIDING DOCUMENTATION UNDER
17 SUBSECTION (L)(1) OF THIS SECTION.

18 (II) IF A TENANT DISPUTES THE CLAIM, THE PARTY SEEKING
19 REIMBURSEMENT SHALL DEFER ANY DEBT COLLECTION EFFORTS FOR AN
20 ADDITIONAL 60 DAYS TO RESOLVE THE DISPUTE.

21 (N) (1) A LANDLORD MAY NOT ACCEPT PAYMENTS FROM A TENANT AND
22 AN INSURER THAT COLLECTIVELY EXCEED THE SUMS DUE UNDER THE LEASE.

23 (2) (I) AFTER AN INSURER APPROVES A CLAIM, A LANDLORD MAY
24 NOT SEND AN INVOICE TO A TENANT OR ENGAGE IN ANY DEBT COLLECTION EFFORTS
25 AGAINST A TENANT FOR ANY AMOUNTS.

26 (II) A LANDLORD MAY INVOICE THE TENANT AND ENGAGE IN
27 DEBT COLLECTION EFFORTS AGAINST A TENANT FOR THE LANDLORD'S LOSSES IF
28 THE INSURER DENIES THE CLAIM BECAUSE:

29 1. THE LOSS IS NOT COVERED UNDER THE INSURANCE
30 AGREEMENT; OR

31 2. THE LOSSES EXCEED THE INSURANCE COVERAGE
32 LOSS LIMIT.

1 **(O) IN A PROCEEDING AGAINST A TENANT BY AN INSURER, THE TENANT**
2 **SHALL:**

3 **(1) RETAIN ALL RIGHTS AND DEFENSES OTHERWISE AVAILABLE IN A**
4 **PROCEEDING BETWEEN A TENANT AND A LANDLORD; AND**

5 **(2) BE LIABLE TO THE INSURER ONLY FOR SUMS DUE UNDER THE**
6 **LEASE.**

7 **(P) (1) A TENANT MAY CHALLENGE CLAIMS BY A LANDLORD FOR SUMS**
8 **DUE UNDER A LEASE IN COURT.**

9 **(2) A LANDLORD MAY NOT SUBMIT A CLAIM TO AN INSURER FOR ANY**
10 **DEBT THAT HAS BEEN DECLARED VOID BY A COURT AND SHALL IMMEDIATELY**
11 **WITHDRAW A CLAIM IF THE AMOUNT IS DECLARED VOID FOLLOWING THE**
12 **SUBMISSION OF THE CLAIM.**

13 **(3) IF A DEBT IS DECLARED VOID BY A COURT AFTER AN INSURER HAS**
14 **PAID THE CLAIM, THE LANDLORD SHALL RETURN THE PAYMENT TO THE INSURER.**

15 **(Q) IF IN ANY PROCEEDING A COURT DETERMINES THAT A LANDLORD OR AN**
16 **INSURER MATERIALLY VIOLATED THIS SECTION, THE TENANT MAY RECOVER**
17 **DAMAGES NOT MORE THAN THREE TIMES THE MONTHLY RENT PAID BY THE TENANT**
18 **AND REASONABLE ATTORNEY'S FEES.**

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to
20 apply only prospectively and may not be applied or interpreted to have any effect on or
21 application to any lease entered into before the effective date of this Act.

22 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 October 1, 2024.