

CHAPTER 502**(House Bill 1620)**

AN ACT concerning

Real Property – Residential Leases – Surety Bonds in Lieu of Security Deposits

FOR the purpose of authorizing a tenant to purchase a surety bond in lieu of paying all or part of a security deposit to a landlord for the purpose of providing certain protection to the landlord; establishing that a landlord may not require a tenant to purchase a surety bond and a landlord is not required to consent to a tenant purchasing a surety bond; providing that a tenant shall receive a refund of a premium or other charges paid in connection with purchasing a surety bond under certain circumstances; providing that the amount of a surety bond, or the aggregate amount of a surety bond and a security deposit, may not exceed a certain amount of money; establishing that a tenant may recover certain penalties plus certain attorney's fees from a landlord under certain circumstances; requiring a surety to advise a tenant in writing of the tenant's rights and responsibilities before the tenant purchases a surety bond; providing that a tenant who purchases a surety bond has certain rights, including inspection of the dwelling unit; establishing the claims for which a surety bond may be paid; providing that a surety bond does not represent certain liquidated damages; requiring a landlord to send a certain notice to a tenant before making a claim against the surety bond; allowing a tenant to pay damages directly to a landlord or require the landlord to use any security deposit before the landlord makes a claim against the tenant's surety bond; providing that a tenant may dispute the landlord's claim against the tenant's surety bond; providing that a tenant retains certain rights and defenses in a proceeding brought by a surety; establishing certain procedures for a landlord to follow before making a claim against a surety; establishing that on transfer of the premises, the new landlord may not require a certain additional security deposit or surety bond in excess of a certain amount from a tenant; providing that a landlord or a surety forfeits certain rights for failure to comply with this Act; providing that a surety, in an action against a tenant, may be subject to certain damages and certain attorney's fees for asserting a claim without reasonable basis; providing that only admitted carriers licensed by the Maryland Insurance Administration may issue certain surety bonds; and generally relating to a tenant's right to purchase a surety bond in lieu of paying all or part of a security deposit.

BY repealing and reenacting, with amendments,

Article – Real Property

Section 8-203

Annotated Code of Maryland

(2003 Replacement Volume and 2005 Supplement)