SECURITY DEPOSITS

This information was created by Baltimore Neighborhoods, Inc., a local, non-profit organization seeking justice in housing.

For more information please call 410-243-6007

Below are some key points regarding security deposits. To see law in its entirety please search: Maryland Code, Real Property, Section 8-203. This information applies to all residential tenancies, whether the lease is written or oral.

• Definition - a security deposit is any payment of money, including the final month's rent paid in advance, which is given to the landlord by the tenant in order to protect the landlord against non-payment of rent or damage to the leased premises, common areas, major appliances, and furnishings.

• Maximum amount - the maximum amount a landlord may require as a security deposit for each dwelling unit is the equivalent of two month's rent or $50, whichever is greater. This is regardless of the number of tenants in the unit.

• Return of deposit to tenant; interest - the landlord must, within 45 days after the end of tenancy, return to tenant the security deposit minus any amount which he may rightfully withhold. Simple interest of 3% per year must be paid on security deposits of $50 or more and must accrue at 6-month intervals from the day the security deposit was given. Interest is not compounded. If the landlord, without good reason, fails to return any part of the security deposit within 45 days after the end of the tenancy, he is liable to the tenant for up to three times the withheld amount of the security deposit plus reasonable attorney's fees.

• Withholding of deposit - the security deposit, or any portion thereof, may be withheld for unpaid rent, damage due to breach of lease or for damage by the tenant or the tenant's family, agents, employees, guest or invitees in excess of ordinary wear and tear to the leased premises, common areas, major appliances, and furnishings owned by the landlord. If the tenant notifies the landlord by certified mail that he intends to move out, the date of moving and his new address, he will have the right to be present when the landlord inspects the premises to determine if any damage was done. The notice must be mailed at least 15 days prior to date of moving. Landlord must then notify tenant by certified mail of the time and date of inspection, which must be within 5 days before or 5 days after tenant's move.

• Notice to tenant - if the landlord withholds any part of the security deposit, he must send to the tenant's last known address, by first class mail, within 45 days after the termination of the lease, a written list of the damages he claims together with a statement of costs actually incurred. If the landlord fails to do this within 45 days after termination, he loses the right to use the deposit to offset damages, including unpaid rent.

Security deposits began to earn interest on March 5, 1973. From March 5, 1973 to July 1, 1980, the rate was 3% per year. From July 2, 1980 to September 30, 2004, the rate was 4% per year. On October 1, 2004, the rate was decreased to 3% per year.