



**Council Bill 21-0022**

1 (D) *SECURITY DEPOSIT ALTERNATIVES.*

2 (1) "*SECURITY DEPOSIT*" *DEFINED.*

3 ~~(I) *IN GENERAL.*~~

4 "*SECURITY DEPOSIT*" ~~MEANS MONEY OR ANY OTHER FORM OF SECURITY GIVEN BY~~  
5 ~~HAS THE MEANING STATED IN STATE REAL PROPERTY ARTICLE, § 8-203(A)(3). A~~  
6 ~~TENANT TO A LANDLORD TO BE HELD BY A LANDLORD ON BEHALF OF THE TENANT~~  
7 ~~BY VIRTUE OF A RESIDENTIAL LEASE AND SHALL INCLUDE:~~

8 ~~(A) DAMAGE DEPOSITS;~~

9 ~~(B) ADVANCE RENT DEPOSITS; AND~~

10 ~~(C) PET DEPOSITS.~~

11 ~~(II) *EXCLUSIONS.*~~

12 ~~"SECURITY DEPOSIT" DOES NOT INCLUDE ANY NONREFUNDABLE FEES OR OTHER~~  
13 ~~CONSIDERATION THAT:~~

14 ~~(A) ARE NOT TO BE RETURNED TO THE TENANT UNDER THE TERMS OF THE~~  
15 ~~RESIDENTIAL LEASE;~~

16 ~~(B) WERE TO BE APPLIED TO THE PAYMENT OF RENT OR REIMBURSEMENT OF~~  
17 ~~SERVICES OR UTILITIES PROVIDED TO THE TENANT; OR~~

18 ~~(C) ARE PLACED WITH A LANDLORD TO SECURE THE AVAILABILITY OF A~~  
19 ~~RENTAL UNIT MORE THAN 60 DAYS PRIOR TO THE COMMENCEMENT OF THE~~  
20 ~~RENTAL PERIOD.~~

21 (2) *SCOPE.*

22 (A) THIS SUBSECTION ONLY APPLIES TO LANDLORDS WHO OWN OR CONTROL 10 OR  
23 MORE RENTAL UNITS IN BALTIMORE CITY.

24 (B) THIS SUBSECTION DOES NOT APPLY TO LEASES FOR PUBLIC HOUSING  
25 ADMINISTERED BY THE HOUSING AUTHORITY OF BALTIMORE CITY.

26 (3) *IN GENERAL.*

27 IF A LANDLORD ASSESSES A SECURITY DEPOSIT OF MORE THAN 60% PERCENT OF THE  
28 MONTHLY RENT CHARGED FOR A UNIT, THE LANDLORD SHALL INCLUDE IN THE LEASE  
29 THE OFFER TO ~~ACCEPT ONE OF THE TWO FOLLOWING OPTIONS IN LIEU OF THE REQUIRED~~  
30 ~~SECURITY DEPOSIT:~~

31 ~~(I) RENTAL SECURITY INSURANCE THAT SATISFIES THE FOLLOWING CRITERIA:~~

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1 ~~(A) THE INSURANCE PROVIDER IS AN APPROVED CARRIER LICENSED BY,~~  
2 ~~AND IN GOOD STANDING WITH, THE MARYLAND INSURANCE~~  
3 ~~ADMINISTRATION;~~

4 ~~(B) THE INSURANCE PROVIDER, POLICY, AND COVERAGE AMOUNT MUST BE~~  
5 ~~SUBMITTED TO AND APPROVED BY THE LANDLORD AS AN ACCEPTABLE~~  
6 ~~OPTION IN LIEU OF THE REQUIRED SECURITY DEPOSIT;~~

7 ~~(C) THE COVERAGE IS EFFECTIVE UPON THE PAYMENT OF THE FIRST~~  
8 ~~PREMIUM AND REMAINS EFFECTIVE FOR THE ENTIRE LEASE TERM;~~

9 ~~(D) THE INSURANCE MUST PERMIT THE PAYMENT OF PREMIUMS ON A~~  
10 ~~MONTHLY BASIS UNLESS THE TENANT SELECTS OR AGREES TO A~~  
11 ~~DIFFERENT PAYMENT SCHEDULE;~~

12 ~~(E) THE COVERAGE PROVIDED PER CLAIM IS NO LESS THAN THE AMOUNT~~  
13 ~~THE LANDLORD REQUIRES FOR SECURITY DEPOSITS; AND~~

14 ~~(F) A TENANT WHO CHOOSES THIS OPTION IN LIEU OF A SECURITY DEPOSIT~~  
15 ~~MAY NOT BE REQUIRED TO PROVIDE ADDITIONAL SECURITY OR~~  
16 ~~INSURANCE COVERAGE PER CLAIM IN AN AMOUNT GREATER THAN THE~~  
17 ~~AMOUNT REQUIRED FOR SECURITY DEPOSITS; OR~~

18 ~~(H) PAYMENT OF THE SECURITY DEPOSIT OVER A SERIES OF NO LESS THAN 3 EQUAL~~  
19 ~~MONTHLY INSTALLMENT PAYMENTS THAT:~~

20 ~~(A) SHALL BE DUE ON THE SAME DAY AS THE MONTHLY RENT PAYMENT;~~  
21 ~~AND~~

22 ~~(B) MAY BE PAID TOGETHER WITH THE MONTHLY RENT PAYMENT IN A~~  
23 ~~SINGLE TRANSACTION, ABSENT SEPARATE AGREEMENT BY THE~~  
24 ~~LANDLORD AND TENANT.~~

25 ~~(4) OTHER REQUIREMENTS NOT PRECLUDED:~~

26 ~~NOTHING IN THIS SUBSECTION MAY BE CONSTRUED TO LIMIT A LANDLORD'S ABILITY~~  
27 ~~TO REQUIRE STANDARD CREDIT, INCOME OR OTHER QUALIFICATIONS UPON~~  
28 ~~APPLICATION FOR A NEW RENTAL AGREEMENT.~~

29 ~~(I) PURCHASE RENTAL SECURITY DEPOSIT INSURANCE; OR~~

30 ~~(II) PAY THE SECURITY DEPOSIT OVER A SERIES OF NO LESS THAN 3 EQUAL~~  
31 ~~MONTHLY INSTALLMENT PAYMENTS.~~

32 ~~(4) RENTAL SECURITY DEPOSIT INSURANCE.~~

33 ~~(I) IF THE TENANT ELECTS TO PURCHASE RENTAL SECURITY DEPOSIT INSURANCE~~  
34 ~~DESCRIBED IN PARAGRAPH (3)(I) OF THIS SUBSECTION;~~

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1 (A) THE INSURANCE PROVIDER MUST BE AN APPROVED CARRIER LICENSED BY,  
2 AND IN GOOD STANDING WITH, THE MARYLAND INSURANCE  
3 ADMINISTRATION;

4 (B) THE INSURANCE PROVIDER, POLICY, AND COVERAGE AMOUNT MUST BE  
5 SUBMITTED TO AND APPROVED BY THE LANDLORD AS AN ACCEPTABLE  
6 OPTION IN LIEU OF THE REQUIRED SECURITY DEPOSIT;

7 (C) THE INSURANCE PROVIDER MUST OBTAIN FROM THE TENANT A SIGNED  
8 ACKNOWLEDGMENT ON A SEPARATE SHEET OF PAPER WITH THE FOLLOWING  
9 DISCLOSURE:

10 “THE TENANT UNDERSTANDS THAT THE PERIODIC FEE DUE UNDER  
11 THIS CONTRACT IS NOT A SECURITY DEPOSIT AND WILL NOT BE  
12 REFUNDED UNDER ANY CIRCUMSTANCES TO THE TENANT AT ANY  
13 TIME.”;

14 (D) THE LANDLORD MAY NOT REQUIRE THE TENANT TO PROVIDE ADDITIONAL  
15 SECURITY OR INSURANCE COVERAGE PER CLAIM IN AN AMOUNT GREATER  
16 THAN THE AMOUNT REQUIRED FOR SECURITY DEPOSITS; AND

17 (E) ANY RENTAL SECURITY DEPOSIT INSURANCE OFFERED SHALL MEET THE  
18 FOLLOWING CRITERIA:

19 1. THE COVERAGE IS EFFECTIVE UPON THE PAYMENT OF THE FIRST  
20 PREMIUM AND REMAINS EFFECTIVE FOR THE ENTIRE LEASE TERM;

21 2. THE INSURANCE MUST PERMIT THE PAYMENT OF PREMIUMS ON A  
22 MONTHLY BASIS UNLESS THE TENANT SELECTS OR AGREES TO A  
23 DIFFERENT PAYMENT SCHEDULE;

24 3. THE COVERAGE PROVIDED PER CLAIM IS NO LESS THAN THE AMOUNT  
25 THE LANDLORD REQUIRES FOR SECURITY DEPOSITS.

26 (II) IF A TENANT ELECTS TO PAY THE SECURITY DEPOSIT THROUGH RENTAL SECURITY  
27 DEPOSIT INSURANCE AND FAILS TO PURCHASE THE RENTAL SECURITY DEPOSIT  
28 INSURANCE ON OR BEFORE THE DATE OF THE LEASE AGREEMENT, THE TENANT  
29 MUST PAY THE SECURITY DEPOSIT THE LANDLORD ORIGINALLY ASSESSED.

30 (III) IF A TENANT ELECTS TO PAY THE SECURITY DEPOSIT THROUGH RENTAL SECURITY  
31 DEPOSIT INSURANCE AND FAILS TO PAY THE PREMIUMS OF THE RENTAL SECURITY  
32 DEPOSIT INSURANCE, THE TENANT MUST PAY THE UNPAID PREMIUMS TO THE  
33 LANDLORD.

34 (5) *INSTALLMENT PAYMENTS.*

35 (I) IF A TENANT ELECTS TO PAY THE SECURITY DEPOSIT IN INSTALLMENTS AS  
36 DESCRIBED IN PARAGRAPH (3)(II) OF THIS SUBSECTION, EACH INSTALLMENT  
37 PAYMENT SHALL BE DUE ON THE SAME DAY AS EACH MONTHLY RENT PAYMENT.

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1                   (II) THE INSTALLMENT PAYMENT MAY BE PAID TOGETHER WITH THE MONTHLY RENT  
2                   PAYMENT IN A SINGLE TRANSACTION, ABSENT SEPARATE AGREEMENT BY THE  
3                   LANDLORD AND TENANT.

4                   (6) OTHER REQUIREMENTS NOT PRECLUDED.

5                   (I) "RENTER'S INSURANCE" DEFINED.

6                   "RENTER'S INSURANCE" MEANS INSURANCE THAT COVERS A TENANT'S PERSONAL  
7                   PROPERTY LOCATED WITHIN THE PREMISES THE TENANT RENTS.

8                   (II) IN GENERAL.

9                   NOTHING IN THIS SUBSECTION MAY BE CONSTRUED:

10                   (A) TO LIMIT A LANDLORD'S ABILITY TO REQUIRE STANDARD CREDIT, INCOME  
11                   OR OTHER QUALIFICATIONS UPON APPLICATION FOR A NEW RENTAL  
12                   AGREEMENT; OR

13                   (B) TO PRECLUDE A LANDLORD FROM REQUIRING THAT A TENANT HAVE  
14                   RENTER'S INSURANCE IN ADDITION TO RENTAL SECURITY DEPOSIT  
15                   INSURANCE.

16                   **SECTION 2. AND BE IT FURTHER ORDAINED,** That the catchlines contained in this Ordinance  
17                   are not law and may not be considered to have been enacted as a part of this or any prior  
18                   Ordinance.

19                   **SECTION 3. AND BE IT FURTHER ORDAINED,** That this Ordinance shall only apply  
20                   prospectively to new leases and shall have no retroactive effect on leases entered into prior to the  
21                   effective date of this Ordinance.

22                   **SECTION 4. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the 30<sup>th</sup> day  
23                   after the date it is enacted.

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Certified as duly passed this 5 day of April, 20 21



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President, Baltimore City Council

Certified as duly delivered to His Honor, the Mayor,

this 5 day of April, 20 21



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Chief Clerk

Approved this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

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Mayor, Baltimore City