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RENTING MARYLAND PROPERTIES

Deborah SeBour
RE/MAX New Beginnings

www.remaxnewbeginnings.com



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A little bit about me....

- Real Estate Investor since 1992
- Owned & Managed Multiple unit Properties
- Real Estate Broker
- Owner RE/MAX New Beginnings
- Owner GFL Plumbing & Construction
- Licensed MHIC

- Enjoy sharing my knowledge!

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Course Objective

- Learn **Basic Contract Law** along with legislative legal updates pertaining to Listing Rental units and Placing Tenants within the State of Maryland.
- Define **County specific regulations.** 
- Protect yourself from Liability !

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Why Regulate?

- Lead Paint health issues
- Poor housing conditions- **SLUMLORDS**
- Discrimination



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MDE Lead Laws in Maryland

Landlords/Agents must disclose.

**As of January 1 2015,
per Maryland Legislative Regulation,
all Counties must comply with Lead
Paint Regulation!**

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As of August 1, 2018

Baltimore City Landlords **MUST follow** the same rules as Baltimore County.

All units including single family:
Must have an MDE certificate and a Rental License!

No Exceptions

Landlords have until January 1, 2019 to comply

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Maryland Law


All properties must be inspected, tested and approved as **Lead Safe or Lead Free** per the MDE "Maryland Department of the Environment" if they were built during or prior to 1978.

MDE Certificates are generally good for two years: But, each unit must be retested upon every tenant turnover.

Landlord/ Prop manager must re disclose lead info/ paperwork/disclosures to tenants every two years.

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Maryland Law & Security Deposits

- **Maximum security deposits of 2 months rent.** 
- Maximum needs to include any other deposits such as pet deposits or accommodation deposits.
- Deposits must be held in an Escrow Account.

**Example: Rent is \$1000. per month
1 month sec. dep. 1000. + 600. pet deposit = \$1,600.**

**You may not exceed \$2,000.00 deposit
You may request additional months of rent. Exp: 1st and last month.**

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Interest Expense on Escrow

Effective January 1, 2015 a floating rate per the US Treasury/ previously a 1.5 % min. rate.

**Effective Jan. 1 2018
the new minimum rate is 1.83%**

**Exp: Treasury rate 1.75% pay 1.83%
Treasury rate 1.00% pay 1.83%**

MD Realtors has a rental interest calculator on their website landing page.


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Smoke Detectors

Maryland State Law

All Rental Units must have sealed lithium 10 year battery smoke detector units located on each level of the home. For Ho. Co. / one in each bedroom.
(County Specific rules apply)

All units with fossil fuels must have Carbon monoxide detectors.



As of January 1, 2018: All homes must have new smoke detectors!


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Pit Bull Legislation 2014

2014: Dog Bite Bill- No more common law of liability for Landlords.

2015: HB73/SB247 Eliminates strict liability for Landlords but not in cases of neglect.

Pet Owners, regardless of breed, shall have imminent liability.



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Fair Housing Legislation

- As of October 1, 2014
- Transgender persons were added to the list of protected classes.
- **Exception for occupants- Fair Housing: A property owner who occupies a dwelling that is 4 or less units.**

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Service Animals

Are Not Pets

- No Pet deposits
- No additional fees

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Service & Therapy Animals



- If Applicants disability is apparent you may not ask for any type of proof.
- If Applicants disability is not apparent, you may ask for a note from their physician, social worker or psychiatrist. But you may not ask for details.
- Therapy pets do not need to be certified. 
- Landlord must respond to reasonable requests for modifications to accommodate disabled applicant. 


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What's Reasonable?

- New railings for stairs.
- Accessibility ramps.
- Grab bars in bath or kitchen.
- Hearing impaired doorbells/flashers.
- A grassy area for service dogs.
- Accessibility to common grounds.
- Tenant may pay for upgrades.
- Landlord may charge a reasonable deposit for these changes to return property to previous condition.
- The additional security deposits may not exceed the two months standard rule on deposits.

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Marijuana ?



Non Smoking rental units but:

**Your Tenant has a medical marijuana license to smoke!
Are they protected under fair housing law?**

What happens when your multi unit has a licensed tenant and another tenant with allergies to the smoke ?

Recent issues have been questioned but not yet addressed within Maryland Courts.

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Protected Classes & Definitions

- Guidelines are established Federally and locally for the each State.
- Individual Counties may set some rules in addition to Federal and State minimums.
- MAR posts rules and laws on website.

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Protected

- Race or Color
- Religion
- Sex/ sexual orientation
- Disability
- National Origin
- Marital and Familial Status
- Military Status
- Age
- Creed
- In some counties- Income Status



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Voucher Programs

- **Section 8 traditional**
- **Housing Choice Voucher Program**
- **MBQ- Metropolitan Baltimore Quadel** phase out
- **BRHP- Baltimore Housing Mobility Program**

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Housing Choice voucher program


DHCD – Department of Housing and Community Development
subsidizes the rent of low income families with federal funding.

Applicants make less than 50% of the median income.

Pay no more than 30% of their adjusted gross income which includes their utilities.

Guaranteed landlord payments by the Housing department.


Certain Landlords May Not discriminate based on voucher assistance programs. (County specific)



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Housing Choice Voucher Goals

- **Affordable housing for low income families.**
- **Better housing**
- **Better neighborhood**
- **Jobs and Transportation**
- **Better schools / Better**



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Different Counties/Different Rules

- Maryland Counties adhere differently to State & Federal guidelines.
- Watch out for variances in policy.
- Example: Carroll County overall has no rental licensing but the City of Westminster requires a license. Both require MDE inspections.

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Baltimore County 2018 update

- Old Law- Rental housing with septic systems were exempt from lead regulations.
- New Law- Dwellings not connected to public sewer are no longer exempt.

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Licensing Exemptions

Direct family relative exemptions include

- Grandparents
- Parents
- Children and Grandchildren
- All other relatives require full compliance with rental laws and regulations!

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Paperwork

- **Exclusive Right to List / fill out completely.**
- **Liens and Mortgages, Homeowner Associations.**
- **Utilities/ be specific.**
- **Rental License/ if required, you may not place a tenant without one.**

- **Have the landlord draft a basic rental requirement statement/ disclosure. Exp: credit score, occupancy rate.**

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Pre 1978 listing to include

- **Lead based paint addendum to Exclusive Right**
- **MDE Lead Poisoning prevention program disclosure**
- **Addendum to Lease/ military clause- agent disclosure**
- **Disc. Of Info on Lead Based Paint & Hazards/Federal**
- **Maryland Lead Poisoning Prevention program disc.**
- **EPA Fact sheet and Protecting Your Family from Lead booklet.**

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Tenant paperwork

- **Exclusive Buyer/Tenant Rep. Agreement.**
- **General Residential Dwelling Lease/ complete.**
- **Terms and conditions/ renewal terms.**
- **Who will occupy, be specific with names.**
- **Delivery notices/ security deposits.**
- **Pets: type, size, weight and photo.**
- **Carbon monoxide paperwork/manual.**
- **Inclusions/ maintenance agreements-lawn etc.**
- **Moisture/mold**
- **Lead disclosure: this paragraph does not exempt the use of formal disclosure paperwork.**

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Pre 1978 housing disclosure to Tenant

Have them sign all of the disclosures in the Sellers Listing Package plus:

- **Notice to Tenant / Lead Based Paint and Hazards.**
- **Lead Poisoning Prevention & "Notice of Tenants Rights".**
- **Receipt of Lead Based Paint disclosures.**

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More Exemptions

- Zero bedroom dwellings/lofts, studios, efficiencies.
- **Leases of less than 100 days/ vacation homes.**
- Designated housing for the elderly and handicapped **as long as no children reside there.**
- Rental housing that has been Certified as Lead Free.

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Rules

- **At every lease renewal/ give tenant a copy of "Protect your Family from Lead" booklet along with any reports and copy of license and MDE.**
- **At every turnover/ housing must be inspected and re tested for safety.**
- **For non English speaking tenants you must provide booklets in their own language.**

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Agent Responsibilities

- **Proper paperwork**
- **Proper disclosure**
- **Tenants must be given the right to test for lead if they choose to do so.**
- **Make Sellers Aware of Their Obligations under the rules and laws for leasing.**

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Landlord Liability

- **Always utilize the same criteria** in deciding whether to accept or reject an applicant and be able to articulate **a legitimate business reason** for denying a prospective tenants application.
- **Fair Credit Reporting Act / Protect the data!** applies to **Landlords & Agents**
- **Minimum Credit Scores**
- **Total persons in occupancy (per bedroom)**
- **Previous criminal history/sex offender.**

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Landlords Beware

- **No License = No Rent Court/ No Evictions**
- **New license application/ no penalties.**
- **Selling an Investment Property without being registered may be impossible!**



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Tenant Applications and Approvals

- **Q: A background check revealed an applicant had a prior handgun arrest and less than stellar credit.**

If the Landlord rejects this applicant must the landlord disclose in writing the reason for the rejection?

Answer: NO

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Protect yourself !

- Ask Questions
- Know your Maryland & local regulations
- Use appropriate forms & disclosures
- Strictly adhere to Fair Housing Laws

- Watch out for scam artists **HUD Attorneys**
- Report illegal activity

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Property Management

Avoid Common mistakes

- Business LLC or Entity to protect yourself.
- Escrow deposits- co-mingling funds.
- Verbal contracts, get everything in writing.
- Maryland Push to license and regulate.

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Additional Resources

bni-maryland.org **Baltimore Neighborhoods Inc**

Peoples-law.org **Md. Tenant-Landlord Law**

howardcountymd.gov/consumer **General Info**

mdhousingsearch.org **Housing rental opportunities**

Thank you for attending

Debbie 410-242-0220
Maryland Real Estate Academy