

Honorable Steny H. Hoyer
President of the Senate
State House
Annapolis, Maryland 21404

Dear Mr. President:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed Senate Bill 150.

This bill is intended to deal with the situation where a landlord requires a deposit from a prospective tenant and then fails to return part or all of it if a lease is not ultimately consummated. The bill requires that a landlord collecting a fee, other than a security deposit, to return the fee not later than 15 days "following the date of occupancy or the communication, by either party to the other, of a decision that no tenancy shall occur." It permits the landlord, however, to retain up to \$25 "for a credit check on the applicant and other incidental expenses arising out of the application", but requires the landlord to return "all that portion of the fees not actually expended on behalf of the tenant making application."

The purpose of the bill is a good one, but fails to take account of some legitimate concerns of the landlord. I understand that it was presented to the Landlord Tenant Commission and rejected by that Commission. Certainly, if a prospective tenant decides, after making application for an apartment, not to enter into a lease, and gives reasonably prompt notice of that decision, the Landlord should be required to return any fees or deposit collected by him, less any amount that he has actually suffered in damage as a result of the application and renegeing. In other words, so long as the Landlord suffers no damage by the prospective tenant's change of mind, he should not become unjustly enriched.

This bill, however, requires the return of the fee even where the prospective tenant fails to give reasonable notice that he has changed his mind. At some point, because of the prospective tenant's breach, the landlord may suffer other than "out of pocket" expenses - perhaps the loss of rent for a month or more. Under Senate Bill 150, loss of rent, even if directly occasioned by the prospective tenant's clear breach, may not be retained.

After discussion with the sponsor of the bill, the Consumer Protection Division of the Attorney General's Office, and representatives of the apartment industry, I believe that a better and fairer bill can be drafted and passed. This bill, I fear, swings the balance of