

# CONSUMER'S EDGE

CONSUMER PROTECTION DIVISION, MARYLAND OFFICE OF THE ATTORNEY GENERAL

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## RENTAL APPLICATION FEES

*A man applying for an apartment was required to give the rental office a \$100 deposit. He was told that if he was approved and signed a lease, the money would be applied to his security deposit, but that if he decided not to rent the apartment the money would be refunded. He was approved, but decided not to move into the apartment. The apartment complex would not return his money, saying that the application stated that it could keep the money for damages suffered by his not renting the apartment.*

*Another man paid \$45 for a rental application fee. His application was not approved. He thought the denial was unfair and asked for a refund of the fee, but the management company said the fee was nonrefundable.*

The Consumer Protection Division receives many complaints each year about rental problems, including some from consumers who never even moved into the apartment in question.

When you find an apartment you are interested in, many landlords will ask you to pay some up-front fees. Before you turn over any money, you should be sure you know what you're paying for and whether or not you can get the money back if you change your mind about renting or if your application is not approved.

### Application Fee

Before agreeing to rent to you, most landlords will ask you to complete an application form and pay an application fee. An application fee is any fee paid to the landlord before a lease is signed to cover the cost of a credit check or other actual expenses related to processing your application. Make certain the document the landlord gives you is an application form, not a lease. You should not agree to sign a lease until you are sure the apartment and the terms of the lease are right for you.

A landlord is entitled to keep an application fee of \$25 or less. If an application fee is more than \$25,

any amount that was not actually used to process the application must be returned to you within 15 days after you've moved in. (This does not apply when a landlord offers four or less units at the location, or to seasonal or condo rentals.) If either you or the landlord has sent a letter saying the rental won't take place, you are still entitled to a refund of your application fee, less the landlord's application-related expenses. You have the right to ask the landlord to provide a written explanation of exactly what expenses were incurred, and what the cost of each item was.



### Security Deposit

A security deposit is your payment to a landlord to protect the landlord against any damage you may cause to the property you rent. It also protects the landlord if you fail to pay your rent or if you break your lease and the landlord incurs damages as a result. Although a landlord may ask you to pay a security deposit when you apply for the apartment, it's not wise to do so until you are ready to sign a lease.



If a landlord asks for money to hold an apartment (sometimes called a “reservation deposit”), it may not be clear to you that you are being asked for a security deposit. Before you pay any money, you should confirm with the landlord that it will be refunded if you decide not to rent or if the landlord decides not to rent to you. Ask the landlord to write that information on the receipt. It could save you from having to fight for it later.

Maryland law gives you certain rights when you pay a security deposit. For example, the security deposit may not be more than two months’ rent. You must receive a receipt, which must be included as part of the rental agreement. The landlord must put the security deposit in an escrow account. The law imposes specific penalties on the landlord if these rights are violated.

At the end of your tenancy, the landlord has 45 days to return the security deposit plus interest, less any damages withheld. The amount of interest will depend upon when you rented the apartment and may fluctuate throughout the term of the rental. If the landlord fails to do this, you may sue for up to three times the withheld amount, plus reasonable attorney’s fees.

### **Inspect the Actual Unit**

Before you sign a lease or pay a security deposit, you should look at the unit you will be living in, not just a model. Often, the model units are nicer than the actual rental units. If you are asked to pay a security deposit but you cannot see the unit you will be renting, ask for a written statement that allows you a full refund if you choose not to rent after inspecting the unit.

After you have inspected the property and before you’ve paid any money or signed a lease, ask the landlord for a written commitment to correct any problems you notice. Always get all promises to clean or make repairs in writing before you sign a lease.

This is separate from the list of existing damages the landlord must give you if you make a written request within 15 days of moving in. The purpose of that list is to note items such as carpet stains or scratches on a cabinet that existed when you moved in, so the landlord cannot deduct money from your security deposit for them when you move out.

For more information, see our booklet [Landlords and Tenants: Tips for Avoiding Disputes](#). You can request a printed copy by calling 410-576-6354.



## HOW TO CONTACT US

### **Consumer Protection Division**

200 St. Paul Place, 16th Fl., Baltimore, MD 21202

- **General Consumer Complaints:** 410-528-8662  
Toll-free: 1-888-743-0023 TDD: 410-576-6372  
En español: 410-230-1712  
9 a.m. to 3 p.m. Monday-Friday  
[www.marylandattorneygeneral.gov/Pages/CPD/](http://www.marylandattorneygeneral.gov/Pages/CPD/)
- **Health Consumer Complaints:** 410-528-1840  
Toll-free: 1-877-261-8807 TDD: 410-576-6372  
9 a.m. to 4:30 p.m. Monday-Friday  
[www.marylandcares.org](http://www.marylandcares.org)
- **For information on branch offices** in Largo, Salisbury, Hagerstown, and a full list of offices across Maryland, visit: [www.marylandattorneygeneral.gov/Pages/contactus.aspx](http://www.marylandattorneygeneral.gov/Pages/contactus.aspx)

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