Montgomery County Council

Committee: PHP
Committee Review: Completed
Staff: Christine Wellons, Chief Legislative Attorney
Purpose: Final action – vote expected

AGENDA ITEM #18E
November 10, 2026
Action

SUBJECT

Bill 40-26, Landlord-Tenant Relations – Accepted Forms of Payment

Lead Sponsor: Council President Fani-González

Co-Sponsors: Councilmembers Stewart, Sayles, Mink, Luedtke, Glass, Katz, Friedson, Evans, and Council Vice-President Balcombe

EXPECTED ATTENDEES

Director Bruton, Department of Housing and Community Affairs

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- The PHP Committee recommended (3-0) the enactment of Bill 40-26, with potential amendments for the full Council's consideration.

DESCRIPTION/ISSUE

Bill 40-26 would:

(1) require landlords to accept certain forms of payments for rents, security deposits, fees, and other purposes;
(2) require residential leases to include terms regarding acceptable forms of payment; and
(3) generally amend the law regarding landlord-tenant relations.

The PHP committee directed staff to draft several potential amendments for the full Council's consideration. The amendments would:

- generally require the acceptance of personal checks by landlords for rental payments;
- establish a mandatory timeline and contents of receipts for payments to landlords; and
- require landlords (with fewer than 4 rental units in the County) to provide a physical location in the County where rental payments may be made.

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Agenda Item #18E
November 10, 2026
Action

M E M O R A N D U M

November 5, 2026

TO: County Council

FROM: Christine Wellons, Chief Legislative Attorney

SUBJECT: Bill 40-26, Landlord-Tenant Relations, Accepted Forms of Payment

PURPOSE: Final action – roll call vote expected

Committee Recommendation: The Planning, Housing and Parks (PHP) Committee voted (3-0) to recommend the enactment of Bill 40-26 and directed Council staff to draft several amendments for the full Council's consideration. *See* page 4 for the amendments.

Expected Attendees:
Scott Bruton, Director, Department of Housing and Community Affairs (DHCA)
Zack Patton, Rental Housing Division Chief, DHCA
Nicolle Katrivanos, Manager III, Office of Landlord-Tenant Affairs, DHCA

Bill 40-26, Landlord-Tenant Relations, Accepted Forms of Payment, was introduced on September 15, 2026. The Lead Sponsor is Council President Fani-González. Co-Sponsors are Councilmembers Stewart, Sayles, Mink, Luedtke, Glass, Katz, Friedson, Evans, and Council Vice President Balcombe.

A public hearing occurred on October 6. A worksession of the Planning, Housing, and Parks (PHP) Committee occurred on October 26.

Bill 40-26 would:

(1) require landlords to accept certain forms of payment for rents, security deposits, fees, and other purposes;
(2) require residential leases to include terms regarding acceptable forms of payment; and
(3) generally amend the law regarding landlord-tenant relations.

BACKGROUND

Under Maryland law, a landlord must accept certain forms of payment for the redemption of leased premises in eviction proceedings. The forms of payment are certified check, money order, and cash. Md. Code Ann., Real Property Article, § 8-401(h) ("[T]he tenant shall have the right to redemption of the leased premises by tendering in cash, certified check, or money order to the landlord or the landlord's agent all past due amounts…plus all court awarded costs and fees, at any time before actual execution of the eviction order.").

Maryland law does not address which types of payment must be accepted for rent payments outside of the redemption context. The purpose of Bill 40-26 would be to require landlords in the County to accept certain forms of payment – including money order and certified check – for rent and other monetary obligations under a lease.

BILL SPECIFICS

Bill 40-26 would require landlords in the County to accept the following forms of payment for rent, a security deposit, a fee, or any other monetary obligation of a tenant:

(1) certified check; and
(2) money order.

The bill would permit a landlord to accept other forms of payment, in addition to the forms specified above, if the additional forms of payment are specified in the lease.

Additionally, if a landlord accepts payments from tenants through an electronic portal, the bill would prohibit the landlord from terminating a tenant's use of the portal, or from otherwise preventing the tenant from making a payment through the portal.

SUMMARY OF IMPACT STATEMENTS

Fiscal Impact. According to the Office of Management and Budget (OMB), there is no fiscal impact associated with Bill 40-26. DHCA anticipates approximately 120 staff hours to update educational materials, webpages, sample leases, and conduct landlord outreach, but expects this work to be absorbed within existing staff capacity. DHCA does not anticipate a significant increase in service requests or complaints as a result of the bill.

Economic Impact. "The Office of Legislative Oversight (OLO) anticipates that Bill 40-26 would negatively impact overall economic conditions in the County, as measured by the Council's priority economic indicators. The Bill would require landlords to accept certified check and money orders for rental payments and to update leases to include acceptable forms of payment…

The Bill would likely negatively affect some landlords. Requiring landings to accept money orders or certified checks could limit long-term savings from electronic rent-payment systems; landlords would also incur one-time compliance costs to revise leases, update payment-handling procedures, and train staff…

The Bill would likely have mixed economic effects on renters. On the one hand, requiring landlords to accept money order and certified check may reduce payment barriers and nondiscretionary expenses for renters who lack reliable internet access, banking access, or consistent cash flow. On the other hand, it may cause some renters who would otherwise transition to electronic payment methods to incur recurring transaction, transportation, and time costs by deciding to use money orders or certified checks. Additionally, renters may face higher rents because landlords pass through costs."

Racial Equity and Social Justice Impact. OLO "anticipates Bill 40-26 would have a positive impact on racial equity and social justice (RESJ) in the County. Requiring rental property owners to accept non-electronic payments for rent and other lease obligations could disproportionately benefit Black and Latinx tenants, especially those who have limited digital literacy, or limited access to banking or the internet." Due to the positive expected impact, OLO does not offer any RESJ related amendments.

Climate Assessment. OLO "anticipates Bill 40-26 will have no impact on the County's contribution to addressing climate change."

SUMMARY OF PUBLIC TESTIMONY

At the public hearing on October 6, several speakers spoke in favor of Bill 40-26. DHCA submitted written comments: "The Department of Housing and Community Affairs (DHCA) supports Bill 40-26, which will help ensure that tenants in the County can pay rent, security deposits, fees, or other monetary obligations by certified check or money order. Increasingly, landlords and property management companies use electronic portals as the primary method for tenants to make payments, communicate with landlords, and complete other tasks, such as submitting work requests. While this is convenient for many tenants, it creates accessibility concerns for others, including older adults who may be less familiar with these technologies. This bill would ensure a clear, Countywide standard for the types of payments that must be accepted. The bill would also more closely align these standards with the requirements in State law for acceptable forms of payment during eviction proceedings, which require landlords to accept cash, certified check, or money order."

On behalf of the Apartment and Office Building Association of Metropolitan Washington (AOBA), Mr. Kraut stated that AOBA supports the bill to provide additional payment options to tenants.

On behalf of We Are CASA, Mr. Michaels also spoke in favor of the bill to provide more payment options for tenants. For those who have difficulty navigating online platforms, additional options are particularly useful. We Are CASA asked for amendments to the legislation to: (1) require the acceptance of cash as a rent payment option; and (2) require landlords to accept rental payments on site.

On behalf of the Gardens of Traville Tenant Association, Ms. Thomas spoke in favor of the bill to provide payment options other than online portals. The Montgomery County Renters Alliance also submitted testimony in support of the bill, and asked for the bill to be amended to require alternatives to online annual financial certifications by tenants.

SUMMARY OF THE PHP COMMITTEE WORKSESSION

Participating in the October 26th PHP worksession were Scott Bruton, Director, Department of Housing and Community Affairs (DHCA); Zack Patton, Rental Housing Division Chief, DHCA; and Nicolle Katrivanos, Manager III, Office of Landlord-Tenant Affairs, DHCA.

The Committee discussed several potential amendments to Bill 40-26 and directed Council staff to draft those amendments for consideration by the full Council. The Committee voted (3-0) to recommend the enactment of the bill with amendments (although the specific amendments were not adopted by the Committee).

1. Amendment #1 – Acceptance of Personal Checks for Rent Payments

Councilmember Jawando recommended an amendment to require landlords to accept personal checks for rent under certain circumstances, similar to requirements under California law, California Code, Civil Code - CIV § 1947.3 | FindLaw. The Committee directed staff to draft the amendment for the full Council.

Council staff drafted the following amendment for the Council's consideration.

Amend lines 2-28 to read as follows.

29-27. Contents of lease.

Each lease for rental housing located in the County must:

* * *

(bb) specify each form of payment the landlord accepts for rent, security deposits, fees, or other purposes, which at a minimum must include:

(1) certified check; **[[**and**]]**

(2) money order; and

(3) except as provided under Section 29-35F, personal check.

29-35F. Forms of payment.

(a) *Required forms of payment*. A landlord must accept, as a form of payment for rent, a security deposit, a fee, or any other monetary obligation of a tenant:

(1) certified check; **[[**and**]]**

(2) money order; and

(3) except as provided under subsection (c), personal check.

* * *

(c) A landlord may decline to accept a personal check as a form of payment for a period of up to 3 months as specified in a notice to the tenant under subsection (d).

(d) If a tenant attempts to pay the landlord with a check drawn on insufficient funds or instructs the drawee to stop payment of money due to the landlord, the landlord may provide written notice to the tenant that:

(1) states that the payment instrument was dishonored;

(2) encloses a copy of the dishonored payment instrument; and

(3) states that the tenant must not use a personal check to pay monies due to the landlord for a period determined by the landlord, not to exceed 3 months after the date the payment instrument was dishonored.

2. Amendment #2 – Receipts for Payments – Timing and Contents

The PHP Committee directed staff to draft the following amendment, which would establish a mandatory timeline and contents of receipts for payments to landlords. The amendment is based upon a recommendation of DHCA (©21), as modified by the input of AOBA and GCAAR (©38).

Amend lines 5-7 to read as follows.

(o) [Require] require a written [receipts] receipt under Section 29-34F for [all cash or money 5 orders paid] each payment by the tenant to the landlord for rent, security deposits, fees, or [otherwise] other purposes.

After line 28, insert a new subsection as follows.

(e) *Receipts required*.

(1) A landlord must provide a receipt to a tenant under this subsection for each payment by the tenant to the landlord for rent, security deposits, fees, or other purposes.

(2) A receipt must be provided to the tenant:

(A) within 5 days of the payment, if payment is made for the redemption of the leased premises under Section 8-401 of the Real Property Article of the Maryland Code, as amended; and

(B) within 15 days of the payment, if payment is made for any other purpose.[1]

(3) The receipt must contain, at a minimum:

(A) the date of the payment;

(B) the name or address of the property;

(C) each purpose of the payment; and

(D) if applicable, the specific time period or service period that the payment covers.

3. Amendment #3 – Local Offices for Receipt of Payments

In a memorandum dated October 20, DHCA requested an amendment to:

"Add language to address the challenge tenants face when there is no local office for payments to be made. This change would address multiple issues, including the time sensitivity for tenants seeking to redeem their tenancy, as discussed above. It is a relatively common practice for landlords of smaller properties to accept checks only via mail, sometimes to an out-of-state PO Box. In a situation where a tenant has only ten days to redeem their tenancy following a judgment and must pay by check, those ten days may already have elapsed by the time the tenant receives the receipt, which can be the difference between a tenant being evicted and remaining in their home."

The Committee discussed DHCA's proposal (©21), as well as concerns regarding the proposal raised by AOBA and GCAAR (©38). The Committee instructed staff to draft for the full Council's consideration DHCA's amendment, with an exemption for certain rental properties.

After line 28, add the following new section 29-35G.

Sec. 29-35G. Physical locations for receiving payments.

(a) Except as provided under subsection (c), if a landlord does not provide an on-site location to accept payments at the leased property, the landlord must provide

[1] Montgomery County Code, Section 1-301(c) governs the calculation of deadlines. In accordance with Section 1-301, the five-day time period would be calculated using business days, and the 15-day period would be calculated using calendar days.

tenants with an alternative location that meets the requirements under subsection (b).

(b) The alternative location required under subsection (a) must be:

(1) located within the County;

(2) accessible under the Americans with Disabilities Act, as amended; and

(3) available for tenants to make payments to the landlord or the landlord's authorized agent for a minimum of 5 days per week during regular business hours.

(c) The requirements of this Section do not apply to a landlord who leases 4 or fewer rental units within the County.

Additionally, after line 14 of the draft bill, add the following, which would be included in a lease under Section 29-27.

Each lease for rental housing located in the County must:

* * *

(cc) if applicable, specify the local physical location required under Section 29-35G where tenants can make payments to the landlord or the landlord's authorized payment agent.

Additional Research. DHCA staff have provided the following additional research regarding the availability of on-site payment services:

Following the PHP committee's work session on October 26 and committee members' questions regarding a possible exemption for 1-4 unit properties from DHCA's second proposed amendment to require a physical payment location, DHCA conducted additional research on this issue to determine whether implementing this requirement could be burdensome for small landlords. DHCA continues to recommend the language as proposed without an exemption for 1-4 unit properties.

Some stakeholders raised concerns that requiring a physical payment location means that all landlords must maintain and staff an office to receive payments. This is not the intent of the amendment, nor is it stated or implied by the amendment's text. There are several alternative approaches landlords may consider to accommodate in-person payments.

First, DHCA confirmed with several banks with branches in the County that tenants can make in-person payments to a landlord at any branch where the landlord has an account. In this case, the landlord would simply need to contact their bank and determine what information they need to provide to their tenant to enable the tenant to make a deposit. In most cases, this would simply be the account number they wanted the funds deposited to or the business name and address associated with an account. Bank of America indicated that business account holders can also issue a deposit-only debit card to the tenant to enable rent payments at both bank branches and ATMs. This option does not carry any additional fee for the landlord or tenant.

In addition, DHCA is aware of multiple existing services, including PayNearMe, VanillaDirect Pay, and MoneyGram, that enable in-person payments at participating retailers such as CVS, Walgreens, and Walmart. DHCA has confirmed that the PayNearMe service is made available to landlords using common property management platforms such as Yardi Systems (RentCafe), Buildium, Rentec Direct, and AppFolio. Other services would require the landlord to sign up with the service directly in order to allow a tenant to make payments. DHCA's understanding is that each of these platforms requires a transaction fee (generally a few dollars), but there is variation among companies in how this is handled and whether a fee is charged to the landlord to use the service.

Next Step: Consideration of amendment language. Roll call vote on whether to enact Bill 40-26 with amendments, as recommend (3-0) by the PHP Committee.

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GCAAR Comments	40
California Law, California Code, Civil Code - CIV § 1947.3 | FindLaw	

Bill No. 40-26
Concerning: Landlord-Tenant Relations – Accepted Forms of Payment
Revised: 9/15/2026 Draft No. 2
Introduced: September 15, 2026
Expires: December 7, 2026
Enacted:
Executive:
Effective:
Sunset Date: None
Ch. ____, Laws of Mont. Co. ____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Council President Fani-González
Co-Sponsors: Councilmembers Stewart, Sayles, Mink, Luedtke, Glass, Katz, Friedson, Evans, and Council Vice President Balcombe

AN ACT to:

(1) require landlords to accept certain forms of payments for rents, security deposits, fees, and other purposes;
(2) require residential leases to include terms regarding acceptable forms of payment; and
(3) generally amend the law regarding landlord-tenant relations.

By amending
Chapter 29, Landlord-Tenant Relations
Section 29-27

By adding
Section 29-35F

Boldface	*Heading or defined term.*
Underlining	*Added to existing law by original bill.*
[Single boldface brackets**]**	*Deleted from existing law by original bill.*
Double underlining	*Added by amendment.*
[[Double boldface brackets**]]**	*Deleted from existing law or the bill by amendment.*
* * *	*Existing law unaffected by bill.*

The County Council for Montgomery County, Maryland approves the following Act:

Sec. 1. Section 29-27 is amended, and Section 29-35F is added, as follows:

29-27. Contents of lease.

Each lease for rental housing located in the County must:

* * *

(o) **[**Require**]** require a written **[**receipts**]** receipt for **[**all cash or money orders paid**]** each payment by the tenant to the landlord for rent, security deposits, fees, or **[**otherwise**]** other purposes.

* * *

[(a)(a)**]** (aa) include the addendum under Section 29-28(h)(2) that was signed and dated by the occupying tenant.

(bb) specify each form of payment the landlord accepts for rent, security deposits, fees, or other purposes, which at a minimum must include:

(1) certified check; and

(2) money order.

29-35F. Forms of payment.

(a) *Required forms of payment.* A landlord must accept, as a form of payment for rent, a security deposit, a fee, or any other monetary obligation of a tenant:

(1) certified check; and

(2) money order.

(b) *Additional forms of payment.*

(1) A landlord may accept a form of payment in addition to the forms required under subsection (a) of this Section if the additional form of payment is specified in the lease under Section 29-27.

(2) If a landlord accepts payments from tenants through an electronic portal, the landlord must not terminate a tenant's use of the portal

or otherwise prevent a tenant from making a payment through the portal.

Fiscal Impact Statement

Office of Management and Budget

Bill 40-26 — Landlord-Tenant Relations- Accepted Forms of Payment

Bill Summary	Bill 40-26 requires landlords to accept certain forms of payment such as certified checks and money orders for rent, security deposits, fees, and other tenant obligations. It also mandates that residential leases clearly state which forms of payment are acceptable.
Fiscal Impact Summary	There is no fiscal impact associated with Bill 40-26.

Fiscal Year	**27**	**28**	**29**	**30**	**31**	**32**	**Total**
Personnel Costs	$0	$0	$0	$0	$0	$0	$0
Operating Expenses	$0	$0	$0	$0	$0	$0	$0
Total Expenditures	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Revenues	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Total Impact	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
FTE	0.00	0.00	0.00	0.00	0.00	0.00	

Fiscal Impact Analysis	The Department of Housing and Community Affairs (DHCA) will need to update the Office of Landlord-Tenant Affairs' educational materials, webpages, and sample leases to reflect the bill's changes, requiring about 80 staff hours, and conduct additional outreach to inform landlords of their new obligations, requiring roughly 40 hours. While implementing the bill will take an estimated 120 staff hours in total, DHCA expects this workload can be absorbed within existing processes and staff capacity. The department also does not anticipate a significant increase in service requests or landlord-tenant complaints, as it already handles inquiries related to the issues addressed in the bill.
Staff Impact	The bill is not expected to impact staff time or duties.
Actuarial Analysis	The bill is not expected to impact retiree pension or group insurance costs.
Information Technology Impact	The bill is not expected to impact the County Information Technology (IT) or Enterprise Resource Planning (ERP) systems.
Other Information	
Later actions that may impact revenue or expenditures if future spending is projected	The bill does not authorize future spending.
Contributors	Scott Bruton, Director, Department of Housing and Community Affairs (DHCA) Jenny Snapp, Deputy Director, DHCA Zachary Patton, Rental Housing Division Chief, DHCA Nicolle Katrivanos, Manager of the Office of Landlord-Tenant Affairs, DHCA Anita Aryeetey, Lead Fiscal and Policy Analyst, Office of Management and Budget

Economic Impact Statement

Montgomery County, Maryland

Bill 40-26, Landlord-Tenant Relations – Accepted Forms of Payment

Summary

The Office of Legislative Oversight (OLO) anticipates that Bill 40-26 would negatively impact overall economic conditions in the County, as measured by the Council's priority economic indicators. The Bill would require landlords to accept certified check and money orders for rental payments and to update leases to include acceptable forms of payment. To assess the potential economic impacts of these policy changes, this analysis draws on research on consumer and business payment-method use and costs, banking access, and cost pass-through in the local rental housing market.

The Bill would likely negatively affect some landlords. Requiring landings to accept money orders or certified checks could limit long-term savings from electronic rent-payment systems; landlords would also incur one-time compliance costs to revise leases, update payment-handling procedures, and train staff. As a result, the Bill would likely increase operating expenses for some landlords, which would reduce affected landlords' business income. However, over time, landlords may recover some of these costs by increasing rents.

The Bill would likely have mixed economic effects on renters. On the one hand, requiring landlords to accept money order and certified check may reduce payment barriers and nondiscretionary expenses for renters who lack reliable internet access, banking access, or consistent cash flow. On the other hand, it may cause some renters who would otherwise transition to electronic payment methods to incur recurring transaction, transportation, and time costs by deciding to use money orders or certified checks. Additionally, renters may face higher rents because landlords pass through costs.

Finally, OLO notes that the Bill could have a marginal effect on perceptions of the County's rental housing investment climate. OLO identified no direct evidence that the landlord regulations proposed in this Bill, by themselves, would deter private-sector investment in the County's residential rental market. However, this Bill could contribute to some developers' and investors' perceptions that certain County rental- housing policies limit investment.

Background and Purpose of Bill 40-26

Electronic forms of payment include wire, electronic fund transfers, credit, debit and prepaid cards, digital wallets (e.g., Apple Pay), and peer-to-peer (e.g., Zelle). Non-electronic forms of payment include cash, money orders, and personal/business checks.

The purpose of Bill 40-26 is to require landlords in the County to accept certain non-electronic forms of payment from tenants for rent, security deposits, and other monetary obligations under a lease.[1]

If enacted, Bill 40-26 would require landlords to specify the forms of payment they accept within a lease. At a minimum, landlords would be required to accept the following forms of payment:

- Certified check; and
- Money order.[2]

Bill 40-26 would allow landlords to accept other forms of payment, provided they are specified in the lease. Additionally, if a landlord accepts payments through an online portal, the Bill would prohibit them from preventing a tenant from making payments through the portal.[3]

The Council introduced Bill 40-26 on September 15, 2026.

Information Sources, Methodologies, and Assumptions

As required by Section 2-81B of the Montgomery County Code, this Economic Impact Statement evaluates the impacts of Bill 40-26 on residents and private organizations, using the Council's priority economic indicators as the measure. In doing so, it examines whether the Bill would have a net positive or negative impact on overall economic conditions in the County.[4]

This analysis examines the potential impacts of the provisions of the Bill that:

- Require landlords to accept non-electronic forms of payment—namely, certified check and money order—for rents, security deposits, fees, and other purposes; and
- Require residential leases to include terms regarding acceptable forms of payment.

Although other jurisdictions have passed laws requiring landlords to accept non-electronic forms of payment,[5] OLO was unable to identify any impact evaluation that directly examines the economic impact of this policy on landlords, renters, and other local stakeholders. To assess the Bill's potential impacts, this analysis draws on the following sources:

- Research on consumer payment-method use and costs;
- Research and survey data on banking access, including the prevalence and characteristics of unbanked households;

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[1] Introduction Staff Report for Bill 40-26, Montgomery County Council, Introduced September 15, 2026, pgs. 1-2.
[2] Ibid.
[3] Ibid.
[4] Montgomery County Code, "Sec. 2-81B, Economic Impact Statements."
[5] Several states—such as Washington, California, and Illinois—have rules that prevent landlords from making electronic payment the only way a residential tenant can pay rent.

- Evidence on the operational costs and risks associated with accepting paper payment instruments and the relative costs of electronic payment methods; and
- Research and prior Economic Impact Statements that investigate landlord regulatory compliance costs and the extent to which landlords may recover new expenses through rents over time.

Variables

The economic effects of Bill 40-26 would primarily depend on the following variables:

- Costs by payment method;
- Percentage of renters using non-electronic payments; and
- Landlord cost pass-through rates.

Impacts

WORKFORCE ▪ TAXATION POLICY ▪ PROPERTY VALUES ▪ INCOMES ▪ OPERATING COSTS ▪ PRIVATE SECTOR CAPITAL INVESTMENT ▪ ECONOMIC DEVELOPMENT ▪ COMPETITIVENESS

Businesses, Non-Profits, Other Private Organizations

OLO anticipates that Bill 40-26 would have a negative economic impact on some private organizations in the County.

Landlords

Both provisions—requiring landlords to accept non-electronic forms of payment and to update their leases to identify acceptable forms of payment—would incur costs for some landlords in the County, particularly in the short-term.

Affected Landlords: The number of landlords these provisions would affect is unknown. First, County-level data do not track accepted rent-payment methods, electronic-payment requirements, renter payment practices, or lease terms. The County's Rental Housing Survey does not collect this information.[6] Second, although businesses increasingly use electronic payment methods, it is difficult to predict how many landlords who currently accept money orders or certified checks would otherwise transition to electronic-only payments in the absence of the Bill.

That said, national data suggests that many rental properties continue to accept non-online payment methods. In a nationally representative survey conducted between March and July 2025, Zillow found that 61% of renters typically paid rent online. Accordingly, 39% typically paid rent through another method, such as in person or by mail.[7]

[6] Montgomery County Code, Sec. 29-51. Rental Housing Data Collection.
[7] Garcia, Manny, *Renters: Results from the Zillow Consumer Housing Trends Report 2025*, Zillow, 2025.

Effects on Landlords: For landlords who currently accept, or in the future may accept, only electronic forms of payment, the Bill would likely increase recurring operating expenses.

Studies of payment costs indicate that the costs of accepting payment vary by payment method. Electronic payment systems can reduce the labor, recordkeeping, deposit, and payment-processing costs associated with handling paper instruments. Non-electronic payments can impose various costs for bill payees:

- Staff time to receive, log, secure, deposit, and reconcile paper instruments.
- Bank deposit or account-service fees.
- Delayed availability of funds.
- Fraud and verification risk, including altered or counterfeit money orders and certified checks.

Electronic forms of payment, particularly electronic fund transfers, can mitigate these costs.[8]

Requiring landlords to accept money orders or certified checks would limit their ability to achieve long term cost-savings from adopting electronic payment methods. Additionally, landlords who do not currently accept those forms of payment may also need to establish or revise payment-handling procedures and train relevant staff or property managers, resulting in additional one-time implementation costs.

The Bill's other provision would also likely increase operating expenses for some landlords. Landlords that must revise their leases to specify acceptable payment methods—including money orders and certified checks—could incur one-time administrative, labor, or legal costs.

Higher operating expenses would reduce affected landlords' business income unless they were offset through higher rents, reduced expenses elsewhere, or other changes. Over time, landlords may recover some or all of these costs by increasing rents, subject to applicable rent-increase restrictions and market conditions.

Evidence from Li's study of the County's 2020 air-conditioning requirement suggests that landlords of units required to add air conditioning increased rents on new leases over the medium to long term by an amount sufficient to recover associated expenditures.[9] Although this Bill would impose different and likely smaller operating and administrative costs, the study suggests that landlords may seek to recover compliance costs through rents over time.

[8] Morris, Julian, and Ben Sperry, *The Cost of Payments: A Review* International Center for Law & Economics, 2024; Wang, Claire, *Cash Me If You Can: The Impacts of Cashless Businesses on Retailers, Consumers, and Cash Use*. Federal Reserve, 2019.; and Association for Financial Professionals, 2026 AFP Payments Fraud and Control Survey Report.

[9] Michelle Li, "Who Pays for Climate Change Adaptation? Investigating the Impact of Mandatory Air Conditioning," Working paper, November 4, 2024. See also RBB Economics, *Cost Pass-Through: Theory, Measurement, and Potential Policy Implications* (Report prepared for the Office of Fair Trading, United Kingdom, 2014).

The County's Rent Stabilization Law may limit the timing and amount of cost recovery for covered units. However, the law provides several avenues through which some landlords may recover higher operating costs over time.

First, the County's Rent Stabilization Law permits annual rent increases of up to the lesser of regional CPI-U plus 3 percentage points or 6 percent.[10] This allowance may enable landlords to gradually recover added expenses over multiple years. Second, the law permits landlords to use "banked" rent increases that were not taken in previous years, subject to an overall cap on total annual increases. Third, exemptions and jurisdictional limits in the rent-stabilization framework give some landlords greater flexibility to adjust rents.[11] Finally, County housing analyses have identified supply constraints and unmet demand for lower-cost rental housing, conditions that may make it easier for some landlords to reflect added costs in rents over time.[12]

Other Potential Business Impacts

These provisions could create limited demand for lease updates and legal advice. Beyond landlords, the Bill could have minor indirect effects on property managers, leasing agents, and attorneys.

Beyond these impacts, OLO does not expect the Bill to affect other private organizations in terms of the Council's priority economic indicators.

Residents

OLO anticipates that Bill 40-26 would have mixed impacts on some residents in the County.

Renters

Requiring landlords to accept certified check and money order would directly affect renters who use non-electronic forms of payment.

Affected Renters: National data on consumer bill payments suggest that renters who rely on non-electronic forms of payment may be more likely to be low-income. Using data from the Federal Reserve Bank of Atlanta's 2019 and 2023 Survey of Consumer Payment Choice, several studies found that payment methods vary by income. Although low-income consumers pay most bills online using cards, automatic bill pay, or electronic funds transfers (EFTs), they are less likely than consumers overall to use EFTs and more likely to use cash, money orders, and checks. They are also more likely to pay bills by mail or in person.[13]

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[10] Montgomery County Department of Housing and Community Affairs, "Rent Stabilization," updated September 17, 2025.
[11] Many units are exempt from the County's rent caps (including certain small owner-occupied properties, newer buildings, and other specified categories), and rental units located within incorporated municipalities such as Rockville and Gaithersburg are not covered by the County's Rent Stabilization Law.
[12] See, for example, Montgomery County Planning Department, *Montgomery County Housing Needs Assessment*, July 2020.
[13] Ying Lei Toh, *When Paying Bills, Low-Income Consumers Incur Higher Costs*, Federal Reserve Bank of Kansas City, 2021; Claire Greene et al., *Defining Households That Are Underserved in Digital Payment Services*, Federal Reserve Bank of Kansas City Research Working Papers, ahead of print, September 20, 2024.

Researchers have identified several potential explanations for demographic variation in payment method use, including:

- **Digital Exclusion:** Household lacking smartphone and home internet face barriers to making online payments. Low-income households are more likely to be digitally excluded.
- **Distrust and Unfamiliarity:** Lack of trust or familiarity with electronic payment methods is an additional obstacle to making online payments that likely varies by income-level as well as age.
- **Cash Flow Constraints:** Limited cash flow can cause consumers to delay their payments and thus pay bills in person or use costly third-party bill payment services rather than online in order to avoid processing times.
- **Unbanked Households:** "Unbanked" refers to households lacking a checking or savings account at a bank or credit union, which limits the ability to make electronic payments.[14]

The Federal Deposit Insurance Corporation (FDIC) conducts a biennial nationally representative survey that measures accessing to banking for the U.S. Its latest survey (conducted in June 2023 with responses from almost 30,000 households) found that 4.2 percent of U.S. households—a about 5.6 million households—were unbanked in 2023.[15]

The rates are lower in Maryland and the DC metropolitan area, with an estimated 3.4% and 1.5% unbanked households, respectively.[16] For perspective, 1.5% of Montgomery County's 389,161 households represents 5,837 households.[17]

Effects on Renters: The Bill would likely have mixed impacts on renters. Requiring landlords to accept money orders or certified checks would likely benefit renters who use, or may need to use, non-electronic rent-payment methods. This option may be especially beneficial for households who lack reliable internet access, unbanked households, and households with irregular or constrained cash flow. Preserving non-electronic payments may reduce the need for some households to obtain internet access, devices, or a bank account solely to pay rent, and may help some renters avoid late-payment or insufficient-funds fees. Thus, the Bill may reduce nondiscretionary household expenses for some renters and, all else being equal, increase their disposable income.

However, the Bill may also have indirect costs for renters.

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[14] Toh, *When Paying Bills, Low-Income Consumers Incur Higher Costs*.
[15] Federal Deposit Insurance Corporation (FDIC), *2023 FDIC National Survey of Unbanked and Underbanked Households* (2024).
[16] Federal Deposit Insurance Corporation (FDIC), *2023 Survey Results for Maryland*, Multiyear FDIC National Surveys of Unbanked and Underbanked Households (n.d.), accessed October 1, 2026; Federal Deposit Insurance Corporation (FDIC), *2023 Survey Results for Washington-Arlington-Alexandria, DC-VA-MD-WV*, Multiyear FDIC National Surveys of Unbanked and Underbanked Households (n.d.), accessed October 1, 2026.
[17] U.S. Census Bureau, "Montgomery County, Maryland," *Census Bureau Data Profile*, accessed October 1, 2026.

First, preserving non-electronic payment options may reduce some households' incentive to adopt affordable electronic payment methods. A 2021 study published by the Federal Research Bank of Kansas City found that the costs of paying bills vary significantly by:

- payment method; and
- transaction type (i.e., in person, by mail, over the phone, online, or automatic bill payment).[18]

The study estimated cost ranges for consumers to pay a $100 bill with different payment methods and transaction types. Electronic fund transfers (EFTs) are generally the least costly payment method for consumers. The analysis estimated that EFTs made online, through automatic bill pay, or by phone impose no direct or indirect transaction costs on consumers. By comparison, estimated costs ranged from $0.58 to $8.20 for checks or money orders, depending on whether the payment was made by mail or in person.[19]

The higher estimates for in-person payments partly reflect transportation costs. Money orders generally must be purchased in person at a post office, bank, credit union, or retail location, and certified checks generally require an in-person visit to a bank or credit union. Consequently, renters who would otherwise transition to electronic payment methods may incur recurring transaction, transportation, and time costs if they continue using money orders or certified checks.

The second potential indirect cost for renters may occur due to landlords recovering some compliance and payment-processing costs through higher rents over time, as previously explained. Importantly, affected landlords would likely spread any rent increase across all tenants at affected properties, rather than impose it only on renters who use money orders or certified checks. Higher rents would increase nondiscretionary household expenses for affected rents and, all else being equal, decrease their disposable income.

Beyond these impacts, OLO does not expect the Bill to affect other residents in terms of the Council's priority economic indicators.

Overall Impact

Based on the evidence reviewed in this analysis, OLO concludes that Bill 40-26 would negatively impact overall economic conditions in the County. The Bill's provisions would likely increase operating expenses for some landlords, which would reduce affected landlords' business income unless they offset through higher rents, reduced expenses elsewhere, or other changes. Additionally, although the Bill may reduce payment barriers and nondiscretionary expenses for renters who lack reliable internet access, banking access, or consistent cash flow, it also may (1) cause some renters who would otherwise transition to electronic payment methods to incur recurring transaction, transportation, and time costs by deciding to use money orders or certified checks and (2) increase rents for tenants of affected landlords' properties.

[18] Toh, *When Paying Bills, Low-Income Consumers Incur Higher Costs*.
[19] Ibid.

OLO notes that in addition to the Bill's effects described above, it could have a marginal effect on perceptions of the County's rental housing investment climate. Although OLO identified no direct evidence that the landlord regulations proposed in this Bill, by themselves, would deter private-sector investment in the County's residential rental market, the Bill could marginally contribute to some developers' and investors' perceptions that County's rental- housing regulatory environment limits investment.[20]

Discussion Items

Not applicable

Caveats

Two caveats to the economic impact analysis conducted here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the Bill under consideration.

Contributions

Stephen Roblin, PhD (OLO) prepared this report.

[20] See, for example, Morgan Baskin, "Montgomery County Council Passes % Cap On New Rent Increases," DCist, July 19, 2023; and Leslie Shaver, "How local incentives helped clinch an apartment deal in a rent-controlled Maryland county," June 8, 2026.

Climate Assessment

Office of Legislative Oversight

BILL 40-26: LANDLORD–TENANT RELATIONS – ACCEPTED FORMS OF PAYMENT

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 40-26 will have no impact on the County's contribution to addressing climate change as it is proposing additional forms of payments landlords are required to accept.

BACKGROUND AND PURPOSE OF BILL 40-26

The purpose of Bill 40-26 is to require landlords in the County to accept certain forms of payment from tenants. This includes rent, security deposits, and other monetary obligations under a lease.[1]

If enacted, Bill 40-26 would require landlords to specify the forms of payment they accept within a lease. At a minimum, landlords would be required to accept the following forms of payment:[2]

- Certified check; and
- Money order.

Bill 40-26 would allow landlords to accept other forms of payment, provided they are specified in the lease. Additionally, if a landlord accepts payments through an online portal, the Bill would prohibit them from preventing a tenant from making payments through the portal.[3]

The Council introduced Bill 40-26 on September 15, 2026.

ANTICIPATED IMPACTS

As the Bill proposes additional forms of payments landlords are required to accept, OLO anticipates Bill 40-26 will have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions and community climate resilience.

RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.[4] OLO does not offer recommendations or amendments as Bill 40-26 is likely to have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions and community climate resilience.

CAVEATS

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. Second, the analysis performed here is intended to inform the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

PURPOSE OF CLIMATE ASSESSMENTS

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide the Council with a more thorough understanding of the potential climate impacts and implications of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help increase the County's community climate resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.

CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

[1] Introduction Staff Report for Bill 40-26, Montgomery County Council, Introduced September 15, 2026, pgs. 1-2.
[2] Ibid.
[3] Ibid.
[4] Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

BILL 40-26: LANDLORD-TENANT RELATIONS – ACCEPTED FORMS OF PAYMENT

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 40-26 would have a positive impact on racial equity and social justice (RESJ) in the County. Requiring rental property owners to accept non-electronic payments for rent and other lease obligations could disproportionately benefit Black and Latinx tenants, especially those who have limited digital literacy, or limited access to banking or the internet.

PURPOSE OF RESJ IMPACT STATEMENTS

RESJ impact statements (RESJIS) evaluate the anticipated impact of legislation on racial equity and social justice in the County. RESJ is a **process** that focuses on centering the needs, leadership, and power of Black, Indigenous, and other People of Color (BIPOC) and communities with low incomes. RESJ is also a **goal** of eliminating racial and social inequities. Applying a RESJ lens is essential to achieve RESJ.[1] This involves seeing, thinking, and working differently to address the racial and social inequities that cause racial and social disparities.[2]

PURPOSE OF BILL 40-26

The purpose of Bill 40-26 is to require rental property owners in the County to accept certain forms of payment from tenants. This includes for rent, security deposits, and other monetary obligations under a lease.[3]

If enacted, Bill 40-26 would require rental property owners to specify the forms of payment they accept within a lease. At a minimum, they would be required to accept the following forms of payment:[4]

- Certified check; and
- Money order.

Bill 40-26 would allow rental property owners to accept other forms of payment, provided they are specified in the lease. Additionally, if property owners accept payments through an online portal, the Bill would prohibit them from preventing a tenant from making payments through the portal.[5]

The Council introduced Bill 40-26 on September 15, 2026.

ANTICIPATED RESJ IMPACTS

To consider the anticipated impact of Bill 40-26 on RESJ in the County, OLO recommends the consideration of two related questions:

- Who would primarily benefit or be burdened by this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

OLO identified the following groups who would be impacted by Bill 40-26:

Tenants could benefit from being able to make non-electronic payments (i.e., checks and money orders) for rent and other lease obligations. This could especially benefit tenants who have limited digital literacy, or limited access to banking or the internet. Notably, Black and Latinx community members are disproportionately impacted by the digital divide and experience high rates of being unbanked or underbanked.[6]

As shown in Table A (Appendix), Black and Latinx households in the County are overrepresented among renter households. White households are underrepresented among renter households, while Asian, Native American, and Pacific Islander households are proportionately represented.

Rental property owners could be burdened by having to accept non-electronic payments for rent and other lease obligations. This could increase their administrative workload and costs for processing these payments.

As shown in Table B (Appendix), White people are largely overrepresented among rental property and other real estate business owners in the County.

Taken together, OLO anticipates Bill 40-26 would have a positive impact on RESJ in the County.

Recommended Amendments

The County's RESJ Act requires OLO to consider whether to recommend amendments to bills that could reduce racial and social inequities and advance RESJ.[7] OLO anticipates Bill 40-26 would have a positive impact on RESJ in the County. As such, OLO does not offer recommended amendments.

Caveats

Two caveats to this RESJIS should be noted. First, predicting the impact of bills on RESJ is challenging due to data limitations, uncertainty, and other factors. Second, this RESJIS is intended to inform the Council's decision-making process rather than determine it. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

Appendix

Table A. Renter Occupied Households by Race and Ethnicity, Montgomery County

Race or ethnicity[8]	Percent of Renter-Occupied Households	Percent of All Households
Asian	12.3	14.8
Black	31.1	18.7
Native American	0.4	0.5
Pacific Islander	0.1	0.1
White	34.2	48.8
Latinx	20.2	15.5

Source: Table S2502, 2024 American Community Survey 5-Year Estimates, Census Bureau.

Table B. Real Estate and Rental and Leasing Employer Firms by Race and Ethnicity, Montgomery County

Race or ethnicity	Percent of Real Estate and Rental and Leasing Business Owners (NAICS 53)	Percent of All Sectors (NAICS 00)	Percent of Adult Population
Asian	12.4	21.8	16.3
Black	5.1	7.6	18.4
Native American	-	1.4	0.6
Pacific Islander	-	0.1	0.0
White	82.3	69.1	44.3
Latinx	3.9	10.0	19.0

Source: OLO analysis of Table AB2200CSA01, 2022 Annual Business Survey and Table S2101, 2024 American Community Survey 5-Year Estimates, Census Bureau.

[1] Definition of racial equity and social justice adopted from M. Gamblin et al., "Applying Racial Equity to U.S. Federal Nutrition Programs," Bread for the World and Racial Equity Tools.
[2] Ibid.
[3] Introduction Staff Report for Bill 40-26, Montgomery County Council, Introduced September 15, 2026, pgs. 1-2.
[4] Ibid.
[5] Ibid.
[6] RESJIS for Expedited Bill 4-23, Office of Legislative Oversight, February 27, 2023, pgs. 2-4; E. Bonner-Tompkins, J. Peña, E. Tesfaye, "Racial Equity and Social Justice Policy Handbook: Land Use, Housing, and Economic Development," Office of Legislative Oversight, June 18, 2024, pg. 68.
[7] Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council.
[8] For Tables A and B, race is inclusive of Latinx origin. Estimates for Native American and Pacific Islander community members are not available for some data points.

Montgomery County Council

Testimony of the Apartment and Office Building Association in Favor of Bill 40-26: Landlord-Tenant Relations, Accepted Forms of Payment

October 6, 2026

Council President Fani-González and Councilmembers,

The Apartment and Office Building Association of Metropolitan Washington (AOBA) respectfully asks you to support Bill 40-26, Landlord-Tenant Relations, Accepted Forms of Payment as introduced.

The bill's requirement that housing providers accept a certified check or money order as forms of payment for rent, a security deposit, or other obligation is a commonsense and practical way to ensure residents of differing abilities or who prefer not to pay online are able to do so. The majority of our members, who operate an estimated 87,000 housing units in Montgomery County, offer these options and will continue to offer these options.

While constantly improving online payment systems have led to an increase of online payments from residents in our member communities, our members report that a significant portion of residents choose to or need to provide payment by check. Requiring this physical payment option across the board by all housing providers will benefit more residents of Montgomery County.

Importantly, checks or money orders are forms of payment that can be accepted safely, securely, and efficiently – in management offices and across properties with multiple buildings.

We thank the bill sponsor, Council President Fani-González, for working proactively with AOBA on this legislation, for gauging whether any of the requirements proposed would create real-world operational challenges, and for considering the lived experience of housing providers and property managers who every day are serving residents of their communities.

AOBA looks forward to working with the Council throughout the legislative process and, again, asks the Council to support Bill 40-26 as introduced.

Testimony in Support of Bill 40-26

Good afternoon. My name is Patricia Thomas, and I have lived in the Gardens of Traville for six years. Gardens of Traville is a diverse independent-living senior community in Rockville. I am here today with Action in Montgomery, the Maryland Just Power Alliance, and Renters Alliance.

On July 31, residents were abruptly informed that in-person recertification and lease renewal meetings would no longer be available—even appointments that had already been scheduled were canceled. Effective immediately, the only option was to use an online digital portal. This created fear, confusion, and frustration among many senior residents. Some of us are not comfortable using computers or smartphones, and some residents do not even own these devices. Residents who do not speak English faced even greater difficulties. When residents asked for help or requested an alternative, our concerns were ignored or handled without compassion. Some residents were simply told to ask family members or friends to complete these important and private documents online for us reducing our independence. The portal itself has is also having technical problems, leaving some residents and even applicants unable to access their accounts. Residents whose leases were up for renewal in August, September, and October were forced to digitally sign documents without the opportunity to properly review them. None

of us have even received fully executed copies of what we signed. My own lease expired on August 31. I am now facing allegations of lease violations and possible eviction, which I believe are retaliation for my activism as President of our tenant's association. But the online portal is not our only concern. Residents have also dealt with serious maintenance and safety issues, unauthorized people staying on the property, and interactions with management that residents find disrespectful and unprofessional. Being forced to use a portal has added to our fear and stress. We organized ourselves to form the Gardens of Traville Tenant Action Group and now have more than fifty members to address these issues.

We are grateful to Councilmember Sidney Katz and his staff, as well as the Office of Housing and Community Affairs, the Fire and Rescue Service and the Police Department for responding when we reach out for help.

On behalf of the Gardens of Traville Tenant Action Group, I wholeheartedly support the passage of Bill 40-26 that clearly prohibits requiring any "financial transactions" exclusively on-line, especially for seniors.

Thank you.

396 Words

DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Marc Elrich
County Executive

Scott Bruton
Director

MEMORANDUM

October 20, 2026

TO: Andrew Friedson, Chair
Planning, Housing, and Parks Committee

Natali Fani-González, Council President
Planning, Housing, and Parks Committee

Will Jawando, Councilmember
Planning, Housing, and Parks Committee

FROM: Scott Bruton, Director
Department of Housing and Community Affairs

SUBJECT: Proposed amendments to Bill 40-26, Landlord-Tenant Relations – Accepted Forms of Payment

The Department of Housing and Community Affairs (DHCA) supports Bill 40-26, which will help ensure that tenants in the County can pay rent, security deposits, fees, or other monetary obligations by certified check or money order. Increasingly, landlords and property management companies use electronic portals as the primary method for tenants to make payments, communicate with landlords, and complete other tasks, such as submitting work requests. While this is convenient for many tenants, it creates accessibility concerns for others, including older adults who may be less familiar with these technologies. This bill would ensure a clear, Countywide standard for the types of payments that must be accepted. The bill would also more closely align these standards with the requirements in State law for acceptable forms of payment during eviction proceedings, which require landlords to accept cash, certified check, or money order.

Additionally, when landlords accept payments using an electronic portal, the bill would prohibit the landlord from terminating the tenant's use of the portal, which would ensure that tenants retain equal access to this payment method.

To further strengthen and clarify the bill's protections, DHCA requests that the Committee consider the following two amendments:

1. **Specify the contents and a 5-day timeframe for the receipt provided.** The primary issue DHCA seeks to address here is the urgency of providing a receipt in a case where a tenant is redeeming their tenancy following a judgment for failure to pay rent, which provides only ten days to prove to the court that they paid the judgment amount. Community partners have previously brought this issue to DHCA's attention, and this bill is an opportunity to address it alongside the other changes to the Code's language regarding receipts. New York and Nevada have similar requirements in their laws.

   Proposed amendment text is as follows, with the double-underlined text to be added:

   (o) [Require] require a written [receipts] receipt for [all cash or money 5 orders paid] each payment by the tenant to the landlord for rent, security deposits, fees, or [otherwise] other purposes, which must be provided within five business days and at a minimum must include:

   (1) the date of the payment;
   (2) the name or address of the property;
   (3) the purpose(s) of the payment; and
   (4) the specific time period or service period that the payment covers, if applicable.

2. **Add language to address the challenge tenants face when there is no local office for payments to be made.** This change would address multiple issues, including the time sensitivity for tenants seeking to redeem their tenancy, as discussed above. It is a relatively common practice for landlords of smaller properties to accept checks only via mail, sometimes to an out-of-state PO Box. In a situation where a tenant has only ten days to redeem their tenancy following a judgment and must pay by check, those ten days may already have elapsed by the time the tenant receives the receipt, which can be the difference between a tenant being evicted and remaining in their home.

   Proposed amendment text is as follows:

   After the last line of the bill, in proposed section 29-35F. Forms of payment, add new section 29-35G:

   Sec. 29-35G. Physical locations for receiving payments.
   (a) If a landlord does not provide an on-site location to accept payments at their property, the landlord must provide tenants with an alternative, ADA accessible location within the County where tenants can make payments to the landlord or the landlord's authorized payment agent.
   (b) Alternative locations within the County must be available to accept payments for a minimum of 5 days per week during regular business hours.

   Additionally, after line 14 of the draft bill, add the following, which would be included in Section 29-27:

   (cc) specify the local physical location where tenants can make payments to the landlord or the landlord's authorized payment agent.

KeyCite Yellow Flag
Proposed Legislation

West's Annotated Code of Maryland
Real Property (Refs & Annos)
Title 8. Landlord and Tenant (Refs & Annos)
Subtitle 4. Landlord's Remedies Other than Distraint (Refs & Annos)

MD Code, Real Property, § 8-401

§ 8-401. Nonpayment of rent

Effective: October 1, 2025

Currentness

(a) Whenever the tenant or tenants fail to pay the rent when due and payable, it shall be lawful for the landlord to have again and repossess the premises in accordance with this section.

(b)(1) Whenever any landlord shall desire to repossess any premises to which the landlord is entitled under the provisions of subsection (a) of this section, the landlord or the landlord's duly qualified agent or attorney shall ensure that the landlord has completed the procedures required under subsection (c) of this section.

(2) Subject to § 8-406 of this subtitle and after completing the procedures required under subsection (c) of this section, a landlord or the landlord's duly qualified agent or attorney may file the landlord's written complaint under oath or affirmation, in the District Court of the county wherein the property is situated:

(i) Describing in general terms the property sought to be repossessed;

(ii) Setting forth the name of each tenant to whom the property is rented or any assignee or subtenant;

(iii) Stating the amount of rent and any late fees due and unpaid, less the amount of any utility bills, fees, or security deposits paid by a tenant under § 7-309 of the Public Utilities Article;

(iv) Requesting to repossess the premises and, if requested by the landlord, a judgment for the amount of rent due, costs, and any late fees, less the amount of any utility bills, fees, or security deposits paid by a tenant under § 7-309 of the

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Public Utilities Article;

(v) If applicable, stating that, to the best of the landlord's knowledge, the tenant is deceased, intestate, and without next of kin; and

(vi) If the property to be repossessed is an affected property as defined in § 6-801 of the Environment Article, stating that the landlord has registered the affected property as required under § 6-811 of the Environment Article and renewed the registration as required under § 6-812 of the Environment Article and:

1. A. If the current tenant moved into the property on or after February 24, 1996, stating the inspection certificate number for the inspection conducted for the current tenancy as required under § 6-815(c) of the Environment Article; or

B. On or after February 24, 2006, stating the inspection certificate number for the inspection conducted for the current tenancy as required under § 6-815(c), § 6-817(b), or § 6-819(f) of the Environment Article; or

2. Stating that the owner is unable to provide an inspection certificate number because:

A. The owner has requested that the tenant allow the owner access to the property to perform the work required under Title 6, Subtitle 8 of the Environment Article;

B. The owner has offered to relocate the tenant in order to allow the owner to perform work if the work will disturb the paint on the interior surfaces of the property and to pay the reasonable expenses the tenant would incur directly related to the relocation; and

C. The tenant has refused to allow access to the owner or refused to vacate the property in order for the owner to perform the required work.

(3) For the purpose of the court's determination under subsection (e) of this section the landlord shall also specify the amount of rent due for each rental period under the lease, the day that the rent is due for each rental period, and any late fees for overdue rent payments.

(4) The District Court shall issue its summons, directed to any constable or sheriff of the county entitled to serve process, and ordering the constable or sheriff to notify the tenant, assignee, or subtenant by first-class mail:

(i) To appear before the District Court at the trial to be held on the fifth day after the filing of the complaint; and

(ii) To answer the landlord's complaint to show cause why the demand of the landlord should not be granted.

(5)(i) The constable or sheriff shall proceed to serve the summons upon the tenant, assignee, or subtenant or their known or authorized agent as follows:

1. If personal service is requested and any of the persons whom the sheriff shall serve is found on the property, the sheriff shall serve any such persons; or

2. If personal service is requested and none of the persons whom the sheriff is directed to serve shall be found on the property and, in all cases where personal service is not requested, the constable or sheriff shall affix an attested copy of the summons conspicuously upon the property.

(ii) The affixing of the summons upon the property after due notification to the tenant, assignee, or subtenant by first-class mail shall conclusively be presumed to be a sufficient service to all persons to support the entry of a default judgment for possession of the premises, together with court costs, in favor of the landlord, but it shall not be sufficient service to support a default judgment in favor of the landlord for the amount of rent due.

(6) Notwithstanding the provisions of paragraphs (1) through (5) of this subsection:

(i) In an action to repossess nonresidential property under this section, service of process on a tenant:

1. Shall be directed to the sheriff of the appropriate county or municipality; and

2. On plaintiff's request, may be directed to any person authorized under the Maryland Rules to serve process; and

(ii) In Wicomico County, in an action to repossess any premises under this section, service of process on a tenant may be directed to any person authorized under the Maryland Rules to serve process.

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(7)(i) Notwithstanding the provisions of paragraphs (4) through (6) of this subsection, if the landlord certifies to the court in the written complaint required under paragraph (1) of this subsection that, to the best of the landlord's knowledge, the tenant is deceased, intestate, and without next of kin, the District Court shall issue its summons, directed to any constable or sheriff of the county entitled to serve process, and ordering the constable or sheriff to notify the occupant of the premises or the next of kin of the deceased tenant, if known, by personal service:

1. To appear before the District Court at the trial to be held on the fifth day after the filing of the complaint; and

2. To answer the landlord's complaint to show cause why the demand of the landlord should not be granted.

(ii) 1. The constable or sheriff shall proceed to serve the summons upon the occupant of the premises or the next of kin of the deceased tenant, if known, as follows:

A. If any of the persons whom the sheriff is directed to serve are found on the property or at another known address, the sheriff shall serve any such persons; or

B. If none of the persons whom the sheriff is directed to serve are found on the property or at another known address, the constable or sheriff shall affix an attested copy of the summons conspicuously upon the property.

2. The affixing of the summons upon the property shall conclusively be presumed to be a sufficient service to all persons to support the entry of a default judgment for possession of the premises, together with court costs, in favor of the landlord, but it shall not be sufficient service to support a default judgment in favor of the landlord for the amount of rent due.

(c)(1) Before a landlord may file a complaint under this section, the landlord shall provide to the tenant a written notice of the landlord's intent to file a claim in the District Court against the tenant to recover possession of the residential premises if the tenant does not cure within 10 days after the written notice is provided to the tenant.

(2)(i) The written notice required under paragraph (1) of this subsection shall be in a form created by the Maryland Judiciary and notice shall occur when the notice is:

1. Sent by first-class mail, certificate of mailing;

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2. Affixed to the door of the premises; or

3. If elected by the tenant, sent by electronic delivery in at least one of the following forms:

A. An e-mail message;

B. A text message; or

C. Through an electronic tenant portal.

(ii) Electronic notice under subparagraph (i)3 of this paragraph shall provide the landlord with proof of the transmission of the notice.

(3)(i) A complaint for repossession filed in accordance with this section shall include a statement that states and affirms the date on which the landlord provided the notice required under paragraph (1) of this subsection.

(ii) A tenant may challenge assertions made by a landlord under this paragraph, and the court may dismiss the landlord's complaint on a showing of sufficient cause.

(d)(1) This subsection applies only to an action for the repossession of residential property for failure to pay rent due during a government shutdown.

(2) Notwithstanding any other law, the court shall stay the proceeding if the tenant or an occupant of the property that is the subject of the proceeding presents evidence satisfactory to the court that the occupant:

(i) Uses the property as the individual's primary residence;

(ii) Is an employee of the federal or State government or an employee of a local government in the State; and

(iii) Is involuntarily furloughed from work without pay because of a government shutdown, regardless of whether the

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employee is required to report to work during the furlough.

(3)(i) Subject to subparagraph (ii) of this paragraph, a stay under this subsection shall be granted for a time that the court considers reasonable.

(ii) A stay under this subsection may not be granted for a period that ends more than 30 days after the end of the government shutdown without a showing of sufficient cause by a party to the action.

(e)(1) If, at the trial on the fifth day indicated in subsection (b) of this section, the court is satisfied that the interests of justice will be better served by an adjournment to enable either party to procure their necessary witnesses, the court may adjourn the trial for a period not exceeding 1 day, except with the consent of all parties, the trial may be adjourned for a longer period of time.

(2)(i) The information required under subsection (b)(2)(vi) of this section may be an issue of fact in a trial under this section.

(ii) If, when the trial occurs, it appears to the satisfaction of the court, that the rent, or any part of the rent and late fees are actually due and unpaid, the court shall determine the amount of rent and late fees due as of the date the complaint was filed less the amount of any utility bills, fees, or security deposits paid by a tenant under § 7-309 of the Public Utilities Article, if the trial occurs within the time specified by subsection (b)(4) of this section.

(iii) 1. If the trial does not occur within the time specified in subsection (b)(4)(i) of this section and the tenant has not become current since the filing of the complaint, the court, if the complaint so requests, shall enter a judgment in favor of the landlord for possession of the premises and determine the rent and late fees due as of the trial date.

2. The determination of rent and late fees shall include the following:

A. Rent claimed in the complaint;

B. Rent accruing after the date of the filing of the complaint;

C. Late fees accruing in or prior to the month in which the complaint was filed; and

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D. Credit for payments of rent and late fees and other fees, utility bills, or security deposits paid by a tenant under § 7-309 of the Public Utilities Article after the complaint was filed.

(iv) In the case of a residential tenancy, the court may also give judgment in favor of the landlord for the amount of rent and late fees determined to be due together with costs of the suit if the court finds that the residential tenant was personally served with a summons.

(v) In the case of a nonresidential tenancy, if the court finds that there was such service of process or submission to the jurisdiction of the court as would support a judgment in contract or tort, the court may also give judgment in favor of the landlord for:

1. The amount of rent and late fees determined to be due;

2. Costs of the suit; and

3. Reasonable attorney's fees, if the lease agreement authorizes the landlord to recover attorney's fees.

(vi) A nonresidential tenant who was not personally served with a summons shall not be subject to personal jurisdiction of the court if that tenant asserts that the appearance is for the purpose of defending an in rem action prior to the time that evidence is taken by the court.

(3) The court, when entering the judgment, shall also order that possession of the premises be given to the landlord, or the landlord's agent or attorney, within 4 days after the trial.

(4) The court may, upon presentation of a certificate signed by a physician certifying that surrender of the premises within this 4-day period would endanger the health or life of the tenant or any other occupant of the premises, extend the time for surrender of the premises as justice may require but not more than 15 days after the trial.

(5) However, if the tenant, or someone for the tenant, at the trial, or adjournment of the trial, tenders to the landlord the rent and late fees determined by the court to be due and unpaid, together with the costs of the suit, the complaint against the tenant shall be entered as being satisfied.

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(f)(1)(i) Except as provided in § 8-407 of this subtitle and subject to the provisions of paragraph (2) of this subsection, if judgment is given in favor of the landlord, and the tenant fails to comply with the requirements of the order within 7 days, the court shall, at any time after the expiration of the 7 days, issue its warrant, directed to any official of the county entitled to serve process, ordering the official to cause the landlord to have again and repossess the property by putting the landlord, or the landlord's duly qualified agent or attorney, in possession of the property, and for that purpose to remove from the property, by force if necessary, all the furniture, implements, tools, goods, effects or other chattels of every description whatsoever belonging to the tenant, or to any person claiming or holding by or under the tenant.

(ii) If the landlord does not order a warrant of restitution within 60 days from the later of the date of judgment or the expiration date of any stay of execution:

1. The judgment for possession shall be stricken; and

2. The judgment shall be applied to the number of judgments necessary to foreclose a tenant's right to redemption of the leased premises as established in subsection (h)(2) of this section unless the court in its discretion determines that the judgment may not apply for purposes of subsection (h)(2) of this section.

(iii) If the landlord orders a warrant of restitution but takes no action on the warrant within 60 days from the later of the date the court issues the order for the warrant or the date as otherwise extended by the court:

1. The warrant of restitution shall expire and the judgment for possession shall be stricken; and

2. The judgment shall be applied to the number of judgments necessary to foreclose a tenant's right to redemption of the leased premises as established in subsection (h)(2) of this section unless the court in its discretion determines that the judgment may not apply for purposes of subsection (h)(2) of this section.

(2)(i) The administrative judge of any district shall stay the execution of a warrant of restitution of a residential property, from day to day, in the event of extreme weather conditions affecting the residential property, including:

1. A temperature or next-day forecasted temperature of 32 degrees Fahrenheit or lower;

2. A winter storm warning or blizzard warning issued by the National Weather Service;

3. A hurricane warning or tropical storm warning issued by the National Weather Service; and

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4. An excessive heat warning issued by the National Weather Service.

(ii) When a stay has been granted under this paragraph, the execution of the warrant of restitution for which the stay has been granted shall be given priority and completed within 5 days after the extreme weather conditions cease.

(g) A warrant of restitution issued under this section shall be executed in compliance with the provisions of § 8-407 of this subtitle.

(h)(1) Subject to paragraph (3) of this subsection, in any action of summary ejectment for failure to pay rent where the landlord is awarded a judgment giving the landlord restitution of the leased premises, the tenant shall have the right to redemption of the leased premises by tendering in cash, certified check, or money order to the landlord or the landlord's agent all past due amounts, as determined by the court under subsection (e) of this section, plus all court awarded costs and fees, at any time before actual execution of the eviction order.

(2) An electronic or written check issued by a political subdivision or on behalf of a governmental entity shall have the same legal effect as a payment made by the tenant under paragraph (1) of this subsection.

(3) This subsection does not apply to any tenant against whom three judgments of possession have been entered for rent due and unpaid in the 12 months prior to the initiation of the action to which this subsection otherwise would apply.

(i)(1) The tenant or the landlord may appeal from the judgment of the District Court to the circuit court for any county at any time within 4 days from the rendition of the judgment.

(2) The tenant, in order to stay any execution of the judgment, shall give a bond to the landlord with one or more sureties, who are owners of sufficient property in the State of Maryland, with condition to prosecute the appeal with effect, and answer to the landlord in all costs and damages mentioned in the judgment, and other damages as shall be incurred and sustained by reason of the appeal.

(3) The bond shall not affect in any manner the right of the landlord to proceed against the tenant, assignee or subtenant for any and all rents that may become due and payable to the landlord after the rendition of the judgment.

Credits

Added by Acts 1974, c. 12, § 2, eff. July 1, 1974. Amended by Acts 1974, c. 656; Acts 1975, c. 642; Acts 1977, c. 475; Acts

1978, c. 225; Acts 1978, c. 450; Acts 1979, c. 118; Acts 1982, c. 820, § 3; Acts 1987, c. 408; Acts 1987, c. 740; Acts 1988, c. 766; Acts 1989, c. 5, § 1; Acts 1989, c. 813; Acts 1992, c. 22, § 1; Acts 1996, c. 586, § 1, eff. Oct. 1, 1996; Acts 1997, c. 692, § 1, eff. Oct. 1, 1997; Acts 1999, c. 219, § 1, eff. Oct. 1, 1999; Acts 1999, c. 649, § 1, eff. Oct. 1, 1999; Acts 2000, c. 61, § 1, eff. April 25, 2000; Acts 2000, c. 153, § 1, eff. July 1, 2000; Acts 2000, c. 638, § 1, eff. Oct. 1, 2000; Acts 2001, c. 29, § 1, eff. April 10, 2001; Acts 2004, c. 540, § 2, eff. Oct. 1, 2004; Acts 2007, c. 236, § 1, eff. Oct. 1, 2007; Acts 2007, c. 440, § 1, eff. Oct. 1, 2007; Acts 2008, c. 504, § 1, eff. Oct. 1, 2008; Acts 2011, c. 65, § 5, eff. April 12, 2011; Acts 2013, c. 326, § 1, eff. Jan. 1, 2014; Acts 2013, c. 327, § 1, eff. Jan. 1, 2014; Acts 2018, c. 645, § 1, eff. Oct. 1, 2018; Acts 2018, c. 646, § 1, eff. Oct. 1, 2018; Acts 2019, c. 522, § 1, eff. May 13, 2019; Acts 2021, c. 746, § 1, eff. Oct. 1, 2021; Acts 2022, c. 671, § 1, eff. May 29, 2022; Acts 2022, c. 672, § 1, eff. May 29, 2022; Acts 2022, c. 729, § 1, eff. Oct. 1, 2023; Acts 2023, c. 49, § 2, eff. April 11, 2023; Acts 2023, c. 481, § 1, eff. Oct. 1, 2023; Acts 2023, c. 482, § 1, eff. Oct. 1, 2023; Acts 2024, c. 124, § 1, eff. Oct. 1, 2024; Acts 2025, c. 563, § 1, eff. Oct. 1, 2025.

Formerly Art. 21, § 8-401.

Notes of Decisions (59)

MD Code, Real Property, § 8-401, MD REAL PROP § 8-401
Current with all legislation from the 2026 Regular Session and 2026 1st Special Session of the General Assembly. Some statute sections may be more current, see credits for details

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McKinney's Real Property Law § 235-e

§ 235-e. Duty to provide a written receipt

Effective: December 22, 2021

Currentness

(a) Upon the receipt of the payment of rent for residential premises in the form of cash, or any instrument other than the personal check of the lessee, it shall be the duty of the lessor, or any agent of the lessor authorized to receive rent, to provide the lessee with a written receipt containing the following:

1. The date;

2. The amount;

3. The identity of the premises and period for which paid; and

4. The signature and title of the person receiving the rent.

(b) A lessee may request, in writing, that a lessor provide a receipt for rent paid by personal check. If such request is made, the lessor, or any agent of the lessor authorized to receive rent, shall provide the lessee with the receipt described in subdivision (a) of this section. Such request shall, unless otherwise specified by the lessee, remain in effect for the duration of such lessee's tenancy. The lessor shall maintain a record of all cash receipts for rent for at least three years.

(c) If a payment of rent is personally transmitted to a lessor, or an agent of a lessor authorized to receive rent, the receipt for such payment shall be issued immediately to a lessee. If a payment of rent is transmitted indirectly to a lessor, or an agent of a lessor authorized to receive rent, a lessee shall be provided with a receipt within fifteen days of such lessor or agent's receipt of a rent payment.

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(d) If a lessor, or an agent of a lessor authorized to receive rent, fails to receive payment for rent within five days of the date specified in a lease agreement, such lessor or agent shall send the lessee, by certified mail, a written notice stating the failure to receive such rent payment. The failure of a lessor, or any agent of the lessor authorized to receive rent, to provide a lessee with a written notice of the non-payment of rent may be used as an affirmative defense by such lessee in an eviction proceeding based on the non-payment of rent. Notwithstanding the provisions of this subdivision, a lessor which is a cooperative housing corporation, other than a cooperative housing corporation subject to the provisions of article two, article four, article five or article eleven of the private housing finance law, may provide for a method of sending notice by mail other than by certified mail, as long as such method of sending notice is provided for in the proprietary lease or occupancy agreement, and the lessee is a dwelling unit owner or shareholder of such cooperative housing corporation.

Credits

(Added L.1981, c. 822, § 1. Amended L.1984, c. 16, § 1; L.1986, c. 848, § 1; L.2019, c. 36, pt. M, § 9, eff. June 14, 2019; L.2021, c. 789, § 5, eff. Dec. 22, 2021.)

Editors' Notes

SUPPLEMENTARY PRACTICE COMMENTARIES

by Dan M. Blumenthal

2023

Subd. d

The failure to send the notice of non-receipt of rent within five (5) days of when rent is due is an affirmative defense in a non-payment proceeding, but the subdivision "is opaque as to a tenant's remedy" for non-compliance. *3612 Broadway Partners LLC v. Mejia*, 79 Misc.3d 230, 189 N.Y.S.3d 406 (Civ. Ct. N.Y. Co. 2023). "There is scant authority on whether the failure to plead compliance with RPL § 235-e(d) is fatal to the maintenance of a summary nonpayment proceeding" (*320 E. 73, LLC v. Alfredo*, 80 Misc.3d 178, 195 N.Y.S.3d 364 [Civ. Ct. N.Y. Co. 2023]) with the sole reported decision being that of the Watertown City Court in *Lawler v. Canfield*, 66 Misc.3d 312, 114 N.Y.S.3d 621 (Watertown City Ct., Jefferson Co. 2019), cited in 2020 Commentary, finding a failure not to be "jurisdictional in nature and [that] dismissal would not be warranted even upon a finding after trial of noncompliance." *370 E. 73 LLC*, *Citing Lawler*.

2022

Subd. d

The certified mailing of a notice of non-receipt of rent required under this subdivision has been widely criticized as burdensome with residential cooperatives leading the objections. A series of statutory amendments effective December 22, 2021 (**L. 2021 Ch. 789**) "exempted [ ] homeowner shareholder-tenants from certain provisions

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from The Housing Stability and Tenant Protection Act of 2019 which would have had a negative impact to their homeownership." Sponsor's Memorandum, 2022 A.B. 9020, *Braunstein* (D-Bayside). Neither regulated Cooperatives, such as HDFCs nor private landlords are unburdened. However, those coop Boards and landlords can take solace that while non-compliance "may be used as an affirmative defense by such lessee in an eviction proceeding based on the non-payment of rent," "there is no penalty incorporated into the law upon a finding of non-compliance." *Lawler v. Canfield*, 66 Misc. 3d 312, 316, 114 N.Y.S.3d 621, 625 (Watertown City Ct. 2019).

2021

The Housing Stability and Tenant Protection Act of 2019 ("HSTPA"), included this section. The preamble sentence states that it is for the protection of residential tenants. Subsection (d) is silent as to a residential limitation. The commercial tenant in *181st Washington Heights Assocs. LLC v. The Children's Place, Inc.*, 72 Misc.3d 1212(A), ___ N.Y.S.3d ___ (Civ. Ct. NY County 2021) raised subd. "d" in defense of a non-payment proceeding. The court, "construing [ ] the mischief sought to be remedied by the new legislation," (Stat. Law § 95) looked to the "natural and most obvious sense," of the words used "without resorting to an artificial or forced construction" (Stat. Law § 94) "and found that the subdivisions of the section" need not "reiterate the fact that it only applies to residential tenancies [as] the intent seems clear."

2020

Subdivision (d) of this section, adopted as part of the Housing Stability and Tenant Protection Act of 2019 ("HSTPA"), requires a mailed warning where rent is 5 days or more overdue. While the statute proclaims that the failure to send such a notice is an "affirmative defense," at least one court has suggested that the defense lies "only where there is a genuine issue of a fact in a non-payment proceeding," which would "permit the court to preclude the collection of rent as a consequence for non-compliance." *Lawler v. Canfield*, 66 Misc. 3d 312, 114 N.Y.S.3d 621 (Watertown City Ct., 2019) (arrears admitted). While the prior three subdivisions of the section regard receipts of residential rents, subdivision 'd' is not expressly limited to residential application. However, in *41 East 11th Street, LLC v. WSIP Realty Corp.*, 66 Misc.3d 834, 118 N.Y.S.3d 405 (Civ. Ct., N.Y. County 2020), the Civil Court (N.Y. County) found that the prior provisions are a clear indication that the act is intended to protect residential tenants and does not apply to commercial leases. RPL 226-c similarly starts with reference to residential proceedings only, with a subsequent reference to termination of 'the tenancy.'

PRACTICE COMMENTARIES

by Dan M. Blumenthal

2018

Landlords are obligated under this section to give residential tenants a detailed receipt for payments made in the form of cash or by any instrument other than the personal check of the tenant. *See, Sharp v. Norwood*, 643 N.Y.S.2d 39, 223 A.D.2d 6 (1st Dept.1996) (where "the landlord admittedly never issued rent receipts for the tenant's money orders, [it was a] clear violation of [this section]."). A tenant paying by check may also make a written request for a receipt.

A statutorily satisfactory receipt is required to be a dated writing, signed by the payee and identifying them by title

(i.e. landlord, manager, etc.). It should also confirm the amount received and the premises for which the tenant is paying. Other than amount, the most potentially contentious requirement is the requirement that the receipt specify the period for which the payment is made. Case law indicates that designation for where funds should be applied is not dispositive. *See, West Seventy-Ninth Street Associates v. Lemi, Inc.,* 144 Misc. 2d 216, 542 N.Y.S.2d 942 (Civ. Ct., N.Y. Co. 1989), holding that tenant's designation of a payment for a particular period, even though marked "OK" by the landlord's employee, did not constitute an accord and satisfaction precluding the landlord from applying the payments to previous rent arrears. This is consistent with the generally-accepted rule that "in the absence of any agreement to the contrary, the landlord could apply the moneys received from the tenant either to arrears in rent which had theretofore accrued or to the current rent." *2765 Ocean Ave. v. Roth*, 33 N.Y.S.2d 418, 418 (App. Term, 2d Dept. 1942). However, where there is no record or designation of how money has been applied, "it must be presumed that the payments would be credited against the oldest items due." *Hughes v. Wagner,* 4 A.D.2d 980, 980, 167 N.Y.S.2d 869 (3d Dept. 1957).

In a thorough review of the issue, the City Court of Rochester found the failure of landlords to note how the funds received were applied to be 'inexcusable.' *Robinson v. Robles*, 28 Misc.3d 868, 874, 906 N.Y.S.2d 844, 848 (City Ct., Rochester, 2010). The court noted that neither in its initial passage in 1981 (L.1981, c. 822, § 1), nor by subsequent amendment. (L.1984, c. 16, § 1; L.1986, c. 848, § 1.), has the section contained a penalty for non-compliance, leaving a body of case law to fill "this statutory vacuum." A tenant can create a presumption of payment by producing some records (money order receipts, bank statements), and at least one court has found that "where the only evidence before the Court are the contradictory statements under oath by the respective parties, and where the landlord has clearly violated [this section], the doubt should be resolved in favor of the tenant." *Palmieri v. Hernandez*, 127 Misc.2d 369, 485 N.Y.S.2d 915 (City Ct., Mt. Vernon, 1984). Another city court judge in an unreported decision was even stronger, finding that, where "neither party submitted written evidence of the amount of rent paid," and the landlord was clearly in violation of this section, there arose a "rebuttable presumption in favor of the tenant as to payment of rent." Gummerson v. Strecker, 8 Misc.3d 1030(A), 806 N.Y.S.2d 445, 2005 WL 2057498 (City Ct., Auburn, 2005). However, even a presumption of payment must be filtered through judicial discretion and common sense. *DeCarvalhosa v. Adler*, 57 A.D.3d 367, 871 N.Y.S.2d 12 (1st Dept. 2008) (rejecting the tenant's claim that she made "monthly rent payments by placing envelopes containing $5,000 in cash under a neighbor's door").

Notes of Decisions (8)

McKinney's Real Property Law § 235-e, NY REAL PROP § 235-e
Current through L.2026, chapters 1 to 312. Some statute sections may be more current, see credits for details.

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N.R.S. 118A.250

118A.250. Receipts for security deposit, surety bond, rent and other payments

Effective: July 1, 2021

Currentness

The landlord shall deliver to the tenant upon the tenant's request a signed written receipt for the security deposit or surety bond, or a combination thereof, and any other payments, deposits or fees, including rent, paid by the tenant and received by the landlord. The tenant may refuse to make rent payments until the landlord tenders the requested receipt.

Credits

Added by Laws 1977, p. 1335. Amended by Laws 2009, c. 137, § 4; Laws 2021, c. 95, § 6, eff. July 1, 2021.

N. R. S. 118A.250, NV ST 118A.250
Current through legislation of the 83rd Regular Session (2025) End and through Chapter 13 (End) of the 36th Special Session (2025). Text subject to revision and classification by the Legislative Counsel Bureau.

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October 21, 2026

Subject: **Comments on DHCA Amendments to Bill 40-26, Landlord-Tenant Relations Accepted Forms of Payment**

To: Members of the Planning, Housing, and Parks (PHP) Committee

From: Aaron Kraut, Vice President of Government Affairs, Maryland, AOBA

Members of the PHP Committee:

Thank you, Council President Fani-González for sponsoring and Chair Friedson for co-sponsoring Bill 40-26, Landlord-Tenant Relations – Accepted Forms of Payment. AOBA supports Bill 40-26 as introduced because residents should continue to have the option to make payments in safe, secure, and manageable forms other than an online payment portal.

We write before Monday's PHP Committee worksession with specific concerns about the two amendments proposed October 20, 2026 by the Department of Housing and Community Affairs (DHCA).

We strongly urge you to consider these concerns in your worksession and in all further discussions about the legislation. Any requirements in this bill must be carried out by our members, who manage roughly 87,000 housing units in Montgomery County. Making effective policy requires the Council to hear their feedback and the feedback of other housing providers. Regretfully, DHCA did not reach out to AOBA to discuss their amendments with the very people who will be required to implement them. DHCA also did not share their finished amendment proposals with AOBA, and to our knowledge did not share the amendments with other housing providers.

Amendment #1: Specify the contents and a 5-day timeframe for the receipt provided.

AOBA Comments

The requirement to provide receipts for each payment within 5 days is not realistic. Consider that many housing providers have drop boxes in which residents can submit check payment. These

drop boxes are a useful way for residents, especially in larger properties or properties with multiple buildings, to make payment during non-regular business hours when a property management office is closed or if the resident prefers the convenience of quickly dropping off payment.

It is unrealistic and impractical to provide a receipt for this type of payment within 5 days. Property managers must collect the checks, ensure that they clear, and provide the receipt back to the resident. Furthermore, anyone who pays by check or money order automatically has their own record of the payment via the duplicate check or record of the money order if documentation is needed immediately.

Suggested Modification

DHCA's specific concern appears to be a resident in an active eviction proceeding needing to have a payment receipt to show quickly to redeem their tenancy. If the Committee wishes to go forward with DHCA's suggestion, AOBA asks the amendment be narrowed to require a receipt within 5 days only for payments that must be made for a tenant redeeming their tenancy.

Amendment #2: Add language to address the challenge tenants face when there is no local office for payments to be made.

AOBA Comments

Requiring a local office to receive payments would be a serious logistical and financial burden for small landlords. A property that contains 1 to 4 units should be exempt from this amendment, a change also sought by the Greater Capital Area Association of REALTORS (GCAAR).

Cc: Christine Wellons, Chief Legislative Attorney
Scott Bruton, Director, Department of Housing and Community Affairs (DHCA)

Planning, Housing, and Parks Committee
Montgomery County Council
Stella B. Warner Building
100 Maryland Avenue
Rockville, MD 20850

Dear Planning, Housing, and Parks Committee members,

I am writing to you on behalf of the Greater Capital Area Association of REALTORS® (GCAAR), and 11,000 REALTORS®, property managers, title attorneys, and other real estate professionals, to share our thoughts regarding the amendments to Bill 40-26, Landlord-Tenant Relations – Accepted Forms of Payment, as proposed by the Department of Housing and Community Development (DHCA).

We want to express our support for the legislation as introduced, and for Council President Fani-Gonzalez's efforts to work with the property management and housing provider community to ensure its language works for all. We appreciate their willingness to amend the language to remove cash payment as a required option, as it presents numerous safety, security, and efficiency concerns.

Unfortunately, DHCA has not shown the same willingness to work with stakeholders on this legislation. GCAAR would not have been privy to the discussion surrounding these concerning amendments had other stakeholders not reached out. This continues a troubling trend that we would be remiss not to bring to Council's attention.

On their first amendment, specifying the required contents of a receipt and 5-day timeframe for providing it:

1) When does the clock start on the 5-day timeframe? While we can understand it beginning when payment is received by the provider or property manager, we would request this be stated clearly to avoid unintended consequences in implementation.
2) What are the acceptable methods of providing a tenant with a receipt? If electronic receipt is acceptable, this makes the amendment much more feasible. While GCAAR would oppose a physical copy of the receipt being required, if that is the intent of this amendment then housing providers should be able to recoup any cost of expedited shipping to meet the accelerated window as proposed.
3) GCAAR would support the narrowing of the amendment to apply only to payments that must be made for a tenant redeeming their tenancy, as recommended by the Apartment and Office Building Association (AOBA). As DHCA points out, the urgency applicable to these instances does not similarly exist for a typical monthly rental payment.

On the second amendment, requiring a local office for receiving payments, GCAAR would request an exemption for any property that contains 1 to 4 units. This requirement would be an extreme financial and logistical burden on small landlords. While a physical office is often present in larger rental buildings, an owner of smaller residential properties is very unlikely to have those facilities at their disposal. Requiring a provider to pay for such a location, staff it, and/or make their home available for business purposes is an unnecessary overreach. If added, this amendment would further push small housing providers out of Montgomery County. If an exemption cannot be added, the amendment should be outright refused.

Rockville Office: 15201 Diamondback Road Suite 100, Rockville, MD 20850 | 301.590.2000
DC Office: 1615 New Hampshire Avenue NW Floor 3, Washington, DC 20009 | 202.626.0099

GCAAR looks forward to the discussion surrounding this bill and appreciates your attention to our viewpoints on these amendments. Please do not hesitate to reach out if myself or our association can be helpful in any way.

Best regards,



Russell Brazil
2026 President
Greater Capital Area Association of REALTORS®

cc: DHCA Director Scott Bruton
Christine Wellons, Chief Legislative Attorney