

VIRGINIA ACTS OF ASSEMBLY — CHAPTER

An Act to amend and reenact §§ 6.1-330.54, 8.01-128, 34-5, 55-226.2, 55-246.1, 55-248.4, 55-248.7:2, 55-248.9:1, 55-248.15:1, 55-248.15:2, and 55-248.38:3 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 16.1-79.1, relating to landlord and tenant laws; landlord and tenant obligations.

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Approved

Be it enacted by the General Assembly of Virginia:

1. That §§ 6.1-330.54, 8.01-128, 34-5, 55-226.2, 55-246.1, 55-248.4, 55-248.7:2, 55-248.9:1, 55-248.15:1, 55-248.15:2, and 55-248.38:3 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 16.1-79.1 as follows:

§ 6.1-330.54. Judgment rate of interest.

The judgment rate of interest shall be an annual rate of six percent, except that a money judgment entered in an action arising from a contract shall carry interest at the rate lawfully charged on such contract, or at six percent annually, whichever is higher. If the contract or other instrument does not fix an interest rate, the court shall apply the judgment rate of six percent to calculate prejudgment interest pursuant to § 8.01-382 and to calculate post-judgment interest. The rate of interest for a judgment shall be the judgment rate of interest in effect at the time of entry of the judgment *on any amounts for which judgment is entered* and shall not be affected by any subsequent changes to the rate of interest stated in this section.

§ 8.01-128. Verdict and judgment; damages.

A. If it appears that the plaintiff was forcibly or unlawfully turned out of possession, or that it was unlawfully detained from him, the verdict or judgment shall be for the plaintiff for the premises, or such part thereof as may be found to have been so held or detained. The verdict or judgment shall also be for such damages as the plaintiff may prove to have been sustained by him by reason of such forcible or unlawful entry, or unlawful detention, of such premises, and such rent as he may prove to have been owing to him, provided such damages and rent claimed shall not exceed the jurisdictional amount of the court in which the action is tried.

B. The plaintiff may, alternatively, receive a final, appealable judgment for possession of the property unlawfully entered or unlawfully detained and be issued a writ of possession, and continue the case for up to 90 days to establish final rent and damages. *If the plaintiff elects to proceed under this section, the judge shall hear evidence as to the issue of possession on the initial court date and shall hear evidence on the final rent and damages at the hearing set on the continuance date, unless the plaintiff requests otherwise or the judge rules otherwise. Nothing in this section shall preclude a defendant who appears in court at the initial court date from contesting an unlawful detainer action as otherwise provided by law.*

If under this section an appeal is taken as to possession, the entire case shall be considered appealed. The plaintiff shall, in the instance of a continuance taken under this section, mail to the defendant at the defendant's last known address at least 15 days prior to the continuance date a notice advising of (i) the continuance date; (ii) the amounts of final rent and damages; and (iii) that the plaintiff is seeking judgment for additional sums. A copy of such notice shall be filed with the court.

C. No verdict or judgment rendered under this section shall bar any separate concurrent or future action for any such damages or rent as may not be so claimed.

§ 16.1-79.1. *Electronic filing of civil cases.*

The general district courts shall accept case data in an electronic format for any civil action filed. The use of the electronic transfer shall be at the option of the plaintiff or the plaintiff's attorney, and if electronic transfer is utilized, the plaintiff or the plaintiff's attorney shall comply with the security and data configuration standards established by the Office of the Executive Secretary of the Supreme Court. If electronic transfer is utilized, the plaintiff or the plaintiff's attorney shall be responsible for filing with the clerk of the general district court the paper copies of any pleading for the proper processing of such civil actions as otherwise required by law.

§ 34-5. To what debts exemptions shall not apply.

The property exemptions created under this Code shall not be claimed against the following debts:

1. For the purchase price of such property or any part thereof. If the property purchased and not paid for is exchanged for or converted into other property by the debtor, such last named property shall not be exempted from the payment of such unpaid purchase money.

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2. For spousal or child support obligations.

§ 55-226.2. Energy submetering, energy allocation equipment, sewer and water submetering equipment, ratio utility billings systems.

A. Energy submetering equipment, energy allocation equipment, water and sewer submetering equipment, or a ratio utility billing system may be used in a commercial or residential building if clearly stated in the rental agreement or lease for the leased premises or dwelling unit. All energy submetering equipment and energy allocation equipment shall meet the requirements and standards established and enforced by the State Corporation Commission pursuant to § 56-245.3.

B. If energy submetering equipment, water and sewer submetering equipment, *or* energy allocation equipment, ~~or a ratio utility billing system~~ is used in any building, the owner, manager, or operator of the building shall bill the tenant for electricity, natural gas or water and sewer for the same billing period as the utility serving the building, unless the rental agreement or lease expressly provides otherwise. The owner, manager, or operator of the building may charge and collect from the tenant additional service charges, including, but not limited to, monthly billing fees, account set-up fees or account move-out fees, to cover the actual costs of administrative expenses and billing charged to the building owner, manager, or operator by a third-party provider of such services, provided that such charges are agreed to by the building owner and the tenant in the rental agreement or lease. The building owner may require the tenant to pay a late charge of up to \$5 if the tenant fails to make payment when due, which shall not be less than 15 days following the date of mailing or delivery of the bill sent pursuant to this section.

C. If a ratio utility billing system is used in any building, in lieu of increasing the rent, the owner, manager, or operator of the building may employ such a program that utilizes a mathematical formula for allocating, among the tenants in a building, the actual or anticipated water, sewer, electrical, or natural gas billings billed to the building owner from a third-party provider of the utility service. The owner, manager, or operator of the building may charge and collect from the tenant additional service charges, including but not limited to monthly billing fees, account set-up fees, or account move-out fees, to cover the actual costs of administrative expenses and billings charged to the building owner, manager, or operator by a third-party provider of such services, provided that such charges are agreed to by the building owner and the tenant in the rental agreement or lease. The building owner may require the tenant to pay a late charge of up to \$5 if the tenant fails to make payment when due, which shall not be less than 15 days following the date of mailing or delivery of the bill sent pursuant to this section. The late charge shall be deemed rent as defined in § 55-248.4 if a ratio utility billing system is used in a residential multifamily dwelling unit subject to the Virginia Residential Landlord and Tenant Act (§ 55-248.2 et seq.).

D. Energy allocation equipment shall be tested periodically by the owner, operator or manager of the building. Upon the request by a tenant, the owner shall test the energy allocation equipment without charge. The test conducted without charge to the tenant shall not be conducted more frequently than once in a 24-month period for the same tenant. The tenant or his designated representative may be present during the testing of the energy allocation equipment. A written report of the results of the test shall be made to the tenant within 10 working days after the completion of the test.

~~D~~ E. The owner of any building shall maintain adequate records regarding energy submetering equipment, water and sewer submetering equipment, energy allocation equipment, or a ratio utility billing system. A tenant may inspect and copy the records for the leased premises during reasonable business hours at a convenient location within the building. The owner of the building may impose and collect a reasonable charge for copying documents, reflecting the actual costs of materials and labor for copying, prior to providing copies of the records to the tenant.

~~E~~ F. Notwithstanding any enforcement action undertaken by the State Corporation Commission pursuant to its authority under § 56-245.3, tenants and owners shall retain any private right of action resulting from any breach of the rental agreement or lease terms required by this section or § 56-245.3, if applicable, to the same extent as such actions may be maintained for breach of other terms of the rental agreement or lease under Chapter 13 (§ 55-217 et seq.) or Chapter 13.2 (§ 55-248.2 et seq.) of this title, if applicable. The use of energy submetering equipment, water and sewer submetering equipment, energy allocation equipment, or a ratio utility billing system is not within the jurisdiction of the Department of Agriculture and Consumer Services under Chapter 56 (§ 3.2-5600 et seq.) of Title 3.2.

~~F~~ G. As used in this section:

"Building" means all of the individual units served through the same utility-owned meter within a commercial or residential building that is defined in subsection A of § 56-245.2 as an apartment building or house, office building or shopping center.

"Energy allocation equipment" has the same meaning ascribed to such term in subsection A of § 56-245.2.

"Energy submetering equipment" has the same meaning ascribed to "submetering equipment" in subsection A of § 56-245.2.

"Ratio utility billing system" means a program that utilizes a mathematical formula for allocating, among the tenants in a building, the actual *or anticipated* water, sewer, electrical, or natural gas billings received by billed to the building owner from a third-party provider of the utility service. Permitted allocation methods may include formulas based upon square footage, occupancy, number of bedrooms, or some other specific method agreed to by the building owner and the tenant in the rental agreement or lease.

"Water and sewer submetering equipment" means equipment used to measure actual water or sewer usage in any dwelling unit or nonresidential rental unit, as defined in subsection A of § 56-245.2, when such equipment is not owned or controlled by the utility or other provider of water or sewer service that provides service to the building in which the dwelling unit or nonresidential rental unit is located.

§ 55-246.1. Who may recover rent or possession.

Notwithstanding any rule of court to the contrary, (i) any person licensed under the provisions of § 54.1-2106.1, (ii) any property manager, or a managing agent of a landlord as defined in § 55-248.4, or (iii) any employee, who is authorized in writing by a corporate officer with the approval of the board of directors, or by a manager, a general partner or a trustee, of a partnership, association, corporation, limited liability company, limited partnership, professional corporation, professional limited liability company, registered limited liability partnership, registered limited liability limited partnership or business trust to sign pleadings as the agent of the business entity may obtain a judgment (i) (a) for possession in the general district court for the county or city wherein the premises, or part thereof, is situated or (ii) (b) for rent or damages, *including actual damages for breach of the rental agreement*, in any general district court where venue is proper under § 8.01-259, against any defendant who fails to appear in person or by counsel and is in default if the person seeking such judgment had a contractual agreement with the landlord to manage the premises for which rent or possession is due *and may prepare, execute, file, and have served on other parties in any general district court a warrant in debt, suggestion for summons in garnishment, garnishment summons, writ of possession, or writ of fieri facias arising out of a landlord tenant relationship.*

§ 55-248.4. Definitions.

When used in this chapter, unless expressly stated otherwise:

"Action" means recoupment, counterclaim, set off, or other civil suit and any other proceeding in which rights are determined, including without limitation actions for possession, rent, unlawful detainer, unlawful entry, and distress for rent.

"Application deposit" means any refundable deposit of money, however denominated, including all money intended to be used as a security deposit under a rental agreement, or property, which is paid by a tenant to a landlord for the purpose of being considered as a tenant for a dwelling unit.

"Application fee" means any nonrefundable fee, which is paid by a tenant to a landlord for the purpose of being considered as a tenant for a dwelling unit. An application fee shall not exceed \$50, exclusive of any actual out-of-pocket expenses paid by the landlord to a third party performing background, credit, or other pre-occupancy checks on the applicant. However, where an application is being made for a dwelling unit which is a public housing unit or other housing unit subject to regulation by the Department of Housing and Urban Development, an application fee shall not exceed \$32, exclusive of any actual out-of-pocket expenses paid to a third party by the landlord performing background, credit, or other pre-occupancy checks on the applicant.

"Assignment" means the transfer by any tenant of all interests created by a rental agreement.

"Authorized occupant" means a person entitled to occupy a dwelling unit with the consent of the landlord, but who has not signed the rental agreement and therefore does not have the rights and obligations as a tenant under the rental agreement.

"Building or housing code" means any law, ordinance or governmental regulation concerning fitness for habitation, or the construction, maintenance, operation, occupancy, use or appearance of any structure or that part of a structure that is used as a home, residence or sleeping place by one person who maintains a household or by two or more persons who maintain a common household.

"Commencement date of rental agreement" means the date upon which the tenant is entitled to occupy the dwelling unit as a tenant.

"Dwelling unit" means a structure or part of a structure that is used as a home or residence by one or more persons who maintain a household, including, but not limited to, a manufactured home.

"Effective date of rental agreement" means the date upon which the rental agreement is signed by the landlord and the tenant obligating each party to the terms and conditions of the rental agreement.

"Facility" means something that is built, constructed, installed or established to perform some particular function.

"Good faith" means honesty in fact in the conduct of the transaction concerned.

179 "Guest or invitee" means a person, other than the tenant or person authorized by the landlord to
 180 occupy the premises, who has the permission of the tenant to visit but not to occupy the premises.

181 "Interior of the dwelling unit" means the inside of the dwelling unit, consisting of interior walls,
 182 floor, and ceiling, that enclose the dwelling unit as conditioned space from the outside air.

183 "Landlord" means the owner, lessor or sublessor of the dwelling unit or the building of which such
 184 dwelling unit is a part. "Landlord" also includes a managing agent of the premises who fails to disclose
 185 the name of such owner, lessor or sublessor. Such managing agent shall be subject to the provisions of
 186 § 16.1-88.03.

187 "Managing agent" means a person authorized by the landlord to act on behalf of the landlord under
 188 an agreement.

189 "Mold remediation in accordance with professional standards" means mold remediation of that
 190 portion of the dwelling unit or premises affected by mold, or any personal property of the tenant
 191 affected by mold, performed consistent with guidance documents published by the United States
 192 Environmental Protection Agency, the U.S. Department of Housing and Urban Development, the
 193 American Conference of Governmental Industrial Hygienists (the Bioaerosols Manual), Standard
 194 Reference Guides of the Institute of Inspection, Cleaning and Restoration for Water Damage Restoration
 195 and Professional Mold Remediation, or any protocol for mold remediation prepared by an industrial
 196 hygienist consistent with said guidance documents.

197 "Natural person," wherever the chapter refers to an owner as a "natural person," includes co-owners
 198 who are natural persons, either as tenants in common, joint tenants, tenants in partnership, tenants by the
 199 entirety, trustees or beneficiaries of a trust, general partnerships, limited liability partnerships, registered
 200 limited liability partnerships or limited liability companies, or any lawful combination of natural persons
 201 permitted by law.

202 "Notice" means notice given in writing by either regular mail or hand delivery, with the sender
 203 retaining sufficient proof of having given such notice, which may be either a United States postal
 204 certificate of mailing or a certificate of service confirming such mailing prepared by the sender.
 205 However, a person shall be deemed to have notice of a fact if he has actual knowledge of it, he has
 206 received a verbal notice of it, or from all of the facts and circumstances known to him at the time in
 207 question, he has reason to know it exists. A person "notifies" or "gives" a notice or notification to
 208 another by taking steps reasonably calculated to inform another person whether or not the other person
 209 actually comes to know of it. If notice is given that is not in writing, the person giving the notice has
 210 the burden of proof to show that the notice was given to the recipient of the notice.

211 "Organization" means a corporation, government, governmental subdivision or agency, business trust,
 212 estate, trust, partnership or association, two or more persons having a joint or common interest, or any
 213 combination thereof, and any other legal or commercial entity.

214 "Owner" means one or more persons, jointly or severally, in whom is vested:

- 215 1. All or part of the legal title to the property, or
- 216 2. All or part of the beneficial ownership and a right to present use and enjoyment of the premises,
 217 and the term includes a mortgagee in possession.

218 "Person" means any individual, group of individuals, corporation, partnership, business trust,
 219 association or other legal entity, or any combination thereof.

220 "Premises" means a dwelling unit and the structure of which it is a part and facilities and
 221 appurtenances therein and grounds, areas and facilities held out for the use of tenants generally or whose
 222 use is promised to the tenant.

223 "Processing fee for payment of rent with bad check" means the processing fee specified in the rental
 224 agreement, not to exceed \$50, assessed by a landlord against a tenant for payment of rent with a check
 225 drawn by the tenant on which payment has been refused by the payor bank because the drawer had no
 226 account or insufficient funds.

227 "Readily accessible" means areas within the interior of the dwelling unit available for observation at
 228 the time of the move-in inspection that do not require removal of materials, personal property,
 229 equipment or similar items.

230 "Rent" means all money, other than a security deposit, owed or paid to the landlord under the rental
 231 agreement, including prepaid rent paid more than one month in advance of the rent due date.

232 "Rental agreement" or "lease agreement" means all agreements, written or oral, and valid rules and
 233 regulations adopted under § 55-248.17 embodying the terms and conditions concerning the use and
 234 occupancy of a dwelling unit and premises.

235 "Rental application" means the written application or similar document used by a landlord to
 236 determine if a prospective tenant is qualified to become a tenant of a dwelling unit. A landlord may
 237 charge an application fee as provided in this chapter and may request a prospective tenant to provide
 238 information that will enable the landlord to make such determination. The landlord may photocopy each
 239 applicant's driver's license or other similar photo identification, containing either the applicant's social

security number or control number issued by the Department of Motor Vehicles pursuant to § 46.2-342. The landlord may require that each applicant provide a social security number issued by the U.S. Social Security Administration or an individual taxpayer identification number issued by the U.S. Internal Revenue Service, for the purpose of determining whether each applicant is eligible to become a tenant in the landlord's dwelling unit.

"Roomer" means a person occupying a dwelling unit that lacks a major bathroom or kitchen facility, in a structure where one or more major facilities are used in common by occupants of the dwelling unit and other dwelling units. Major facility in the case of a bathroom means toilet, and either a bath or shower, and in the case of a kitchen means refrigerator, stove or sink.

"Security deposit" means any refundable deposit of money that is furnished by a tenant to a landlord to secure the performance of the terms and conditions of a rental agreement, as a security for damages to the leased premises, or as a pet deposit. However, such money shall be deemed an application deposit until the effective commencement date of the rental agreement. Security deposit shall not include a commercial insurance policy purchased by a landlord on behalf of a tenant to secure the performance by the tenant of the terms and conditions of a rental agreement, generally known as damage insurance. Further, security deposit shall not include a commercial damage insurance policy or renter's insurance policy as those terms are defined in § 55-248.7:2 purchased by a landlord to provide property and casualty insurance coverage for a tenant, generally known as renter's insurance.

"Single-family residence" means a structure, other than a multi-family residential structure, maintained and used as a single dwelling unit or any dwelling unit which has direct access to a street or thoroughfare and shares neither heating facilities, hot water equipment nor any other essential facility or service with any other dwelling unit.

"Sublease" means the transfer by any tenant of any but not all interests created by a rental agreement.

"Tenant" means a person entitled under a rental agreement to occupy a dwelling unit to the exclusion of others and shall include roomer. Tenant shall not include (i) an authorized occupant, (ii) a guest or invitee, or (iii) any person who guarantees or cosigns the payment of the financial obligations of a rental agreement but has no right to occupy a dwelling unit.

"Tenant records" means all information, including financial, maintenance, and other records about a tenant or prospective tenant, whether such information is in written or electronic form or other medium.

"Utility" means electricity, natural gas, water and sewer provided by a public service corporation or such other person providing utility services as permitted under § 56-1.2. If the rental agreement so provides, a landlord may use submetering equipment or energy allocation equipment as defined in § 56-245.2, or a ratio utility billing system as defined in § 55-226.2.

"Visible evidence of mold" means the existence of mold in the dwelling unit that is visible to the naked eye by the landlord or tenant in areas within the interior of the dwelling unit readily accessible at the time of the move-in inspection.

"Written notice" means notice given in accordance with § 55-248.6, including any representation of words, letters, symbols, numbers, or figures, whether (i) printed in or inscribed on a tangible medium or (ii) stored in an electronic form or other medium, retrievable in a perceivable form, and regardless of whether an electronic signature authorized by Chapter 42.1 (§ 59.1-479 et seq.) of Title 59.1 is affixed. The landlord may, in accordance with a written agreement, delegate to a managing agent or other third party the responsibility of providing any written notice required by this chapter.

§ 55-248.7:2. Landlord may obtain certain insurance for tenant.

A. Damage Insurance. A landlord may require as a condition of tenancy that a tenant have commercial insurance coverage as specified in the rental agreement to secure the performance by the tenant of the terms and conditions of the rental agreement and pay for the cost of premiums for commercial such insurance coverage, obtained by the landlord, to secure the performance by the tenant of the terms and conditions of the rental agreement, generally known as "damage insurance." As provided in § 55-248.4, such payments shall not be deemed a security deposit, but shall be rent. However, as provided in § 55-248.9, the landlord cannot require a tenant to pay both security deposits and the cost of damage insurance premiums, if the total amount of any security deposits and damage insurance premiums exceeds the amount of two months' periodic rent. The landlord shall notify a tenant in writing that the tenant has the right to obtain a separate policy from the landlord's policy for damage insurance. If a tenant elects to obtain a separate policy, the tenant shall submit to the landlord written proof of such coverage and shall maintain such coverage at all times during the term of the rental agreement. Where a landlord obtains damage insurance coverage on behalf of a tenant, the insurance policy shall provide coverage for the tenant as an insured. The landlord shall recover from the tenant the actual costs of such insurance coverage and may recover administrative or other fees associated with administration of a damage insurance policy, including a tenant opting out of the insurance coverage provided by the landlord pursuant to this subsection. If a landlord obtains damage insurance

for his tenants, the landlord shall provide to each tenant, prior to execution of the rental agreement, a summary of the insurance policy or certificate evidencing the coverage being provided and upon request of the tenant make available a copy of the insurance policy.

B. Renter's Insurance. A landlord may require as a condition of tenancy that a tenant have renter's insurance as specified in the rental agreement that is a combination multi-peril policy containing fire, miscellaneous property, and personal liability coverage insuring personal property located in residential units not occupied by the owner. A landlord may require a tenant to pay for the cost of premiums for property and casualty such insurance, obtained by the landlord, to provide liability such coverage for the tenant and property coverage for the tenant's personal property in the dwelling unit, which is generally known as "renter's insurance as part of rent or as otherwise provided herein." As provided in § 55-248.4, such payments shall not be deemed a security deposit, but shall be rent. If the landlord requires that such premiums be paid prior to the commencement of the tenancy, the total amount of all security deposits and insurance premiums for damage insurance and renter's insurance shall not exceed the amount of two months' periodic rent. Otherwise, the landlord may add a monthly amount as additional rent to recover the costs of such insurance coverage. The landlord shall notify a tenant in writing that the tenant has the right to obtain a separate policy from the landlord's policy for renter's insurance. If a tenant elects to obtain a separate policy, the tenant shall submit to the landlord written proof of such coverage and shall maintain such coverage at all times during the term of the rental agreement.

C. Where a landlord obtains for a tenant either damage insurance or renter's insurance pursuant to subsection A or B, the landlord shall name the tenant as a "co-insured," so that the tenant will have privity of contract with the insurance company. Further, the landlord shall only be reimbursed for the actual costs of such insurance coverage and shall not be entitled to recover administrative or other fees associated with the insurance coverage provided to the tenant pursuant to this section. If a landlord obtains either damage insurance or renter's insurance for his tenants, the landlord shall provide to each tenant, prior to execution of the rental agreement, a copy of the insurance policies, and a summary prepared by the insurer explaining the coverage being provided. Where a landlord obtains renter's insurance coverage on behalf of a tenant, the insurance policy shall provide coverage for the tenant as an insured. The landlord shall recover from the tenant the actual costs of such insurance coverage and may recover administrative or other fees associated with the administration of a renter's insurance policy, including a tenant opting out of the insurance coverage provided to the tenant pursuant to this subsection. If a landlord obtains renter's insurance for his tenants, the landlord shall provide to each tenant, prior to execution of the rental agreement, a summary of the insurance policy prepared by the insurer or certificate evidencing the coverage being provided and upon request of the tenant make available a copy of the insurance policy.

§ 55-248.9:1. Confidentiality of tenant records.

A. No landlord or managing agent shall release information about a tenant or prospective tenant in the possession of the landlord to a third party unless:

1. The tenant or prospective tenant has given prior written consent;
2. The information is a matter of public record as defined in § 2.2-3701;
3. The information is a summary of the tenant's rent payment record, including the amount of the tenant's periodic rent payment;
4. The information is a copy of a material noncompliance notice that has not been remedied or, termination notice given to the tenant under § 55-248.31 and the tenant did not remain in the premises thereafter;
5. The information is requested by a local, state, or federal law-enforcement or public safety official in the performance of his duties;
6. The information is requested pursuant to a subpoena in a civil case;
7. The information is requested by a local commissioner of the revenue in accordance with § 58.1-3901;
8. The information is requested by a contract purchaser of the landlord's property; provided the contract purchaser agrees in writing to maintain the confidentiality of such information;
9. The information is requested by a lender of the landlord for financing or refinancing of the property;
10. The information is requested by the commanding officer, military housing officer, or military attorney of the tenant;
11. The third party is the landlord's attorney; or
12. The information is otherwise provided in the case of an emergency.

B. A tenant may designate a third party to receive duplicate copies of a summons that has been issued pursuant to § 8.01-126 and of written notices from the landlord relating to the tenancy. Where such a third party has been designated by the tenant, the landlord shall mail the duplicate copy of any

summons issued pursuant to § 8.01-126 or notice to the designated third party at the same time the summons or notice is mailed to or served upon the tenant. Nothing in this subsection shall be construed to grant standing to any third party designated by the tenant to challenge actions of the landlord in which notice was mailed pursuant to this subsection. The failure of the landlord to give notice to a third party designated by the tenant shall not affect the validity of any judgment entered against the tenant.

§ 55-248.15:1. Security deposits.

A. A landlord may not demand or receive a security deposit, however denominated, in an amount or value in excess of two months' periodic rent. Upon termination of the tenancy, such security deposit, whether it is property or money, plus any accrued interest thereon, held by the landlord as security as hereinafter provided may be applied solely by the landlord (i) to the payment of accrued rent and including the reasonable charges for late payment of rent specified in the rental agreement; (ii) to the payment of the amount of damages which the landlord has suffered by reason of the tenant's noncompliance with § 55-248.16, less reasonable wear and tear; or (iii) to other damages or charges as provided in the rental agreement. The security deposit, any accrued interest and any deductions, damages and charges shall be itemized by the landlord in a written notice given to the tenant, together with any amount due the tenant within 45 days after termination of the tenancy and delivery of possession.

Nothing in this section shall be construed by a court of law or otherwise as entitling the tenant, upon the termination of the tenancy, to an immediate credit against the tenant's delinquent rent account in the amount of the security deposit. The landlord shall apply the security deposit in accordance with this section within the 45-day time period. *However, provided the landlord has given prior written notice in accordance with this section, the landlord may withhold a reasonable portion of the security deposit to cover an amount of the balance due on the water, sewer, or other utility account that is an obligation of the tenant to a third-party provider under the rental agreement for the dwelling unit, and upon payment of such obligations the landlord shall provide written confirmation to the tenant within 10 days thereafter, along with payment to the tenant of any balance otherwise due to the tenant. In order to withhold such funds as part of the disposition of the security deposit, the landlord shall have so advised the tenant of his rights and obligations under this section in (i) a termination notice to the tenant in accordance with this chapter, (ii) a vacating notice to the tenant in accordance with this section, or (iii) a separate written notice to the tenant at least 15 days prior to the disposition of the security deposit. Any written notice to the tenant shall be given in accordance with § 55-248.6.*

The tenant may provide the landlord with written confirmation of the payment of the final water, sewer, or other utility bill for the dwelling unit, in which case the landlord shall refund the security deposit, unless there are other authorized deductions, within the 45-day period, or if the tenant provides such written confirmation after the expiration of the 45-day period, the landlord shall refund any remaining balance of the security deposit held to the tenant within 10 days following the receipt of such written confirmation provided by the tenant. If the landlord otherwise receives confirmation of payment of the final water, sewer, or other utility bill for the dwelling unit, the landlord shall refund the security deposit, unless there are other authorized deductions, within the 45-day period.

The landlord shall notify the tenant in writing of any deductions provided by this subsection to be made from the tenant's security deposit during the course of the tenancy. Such notification shall be made within 30 days of the date of the determination of the deduction and shall itemize the reasons in the same manner as provided in subsection B. Such notification shall not be required for deductions made less than 30 days prior to the termination of the rental agreement. If the landlord willfully fails to comply with this section, the court shall order the return of the security deposit and interest thereon to the tenant, together with actual damages and reasonable attorneys' fees, unless the tenant owes rent to the landlord, in which case, the court shall order an amount equal to the security deposit and interest thereon credited against the rent due to the landlord. In the event that damages to the premises exceed the amount of the security deposit and require the services of a third party contractor, the landlord shall give written notice to the tenant advising him of that fact within the 45-day period. If notice is given as prescribed in this paragraph, the landlord shall have an additional 15-day period to provide an itemization of the damages and the cost of repair. This section shall not preclude the landlord or tenant from recovering other damages to which he may be entitled under this chapter. The holder of the landlord's interest in the premises at the time of the termination of the tenancy, regardless of how the interest is acquired or transferred, is bound by this section and shall be required to return any security deposit received by the original landlord and any accrued interest that is duly owed to the tenant, whether or not such security deposit is transferred with the landlord's interest by law or equity, regardless of any contractual agreements between the original landlord and his successors in interest.

B. The landlord shall:

1. Accrue interest at an annual rate equal to four percentage points below the Federal Reserve Board discount rate as of January 1 of each year on all property or money held as a security deposit. However, no interest shall be due and payable unless the security deposit has been held by the landlord for a

period exceeding 13 months ~~after the effective~~ *beginning from the commencement* date of the rental agreement or after the effective date of any prior written or oral rental agreements with the same tenant, for continuous occupancy of the same dwelling unit *until termination of the tenancy and delivery of possession*, such security deposit earning interest which begins accruing from the effective date of the rental agreement, and such interest shall be paid only upon termination of the tenancy, delivery of possession and return of the security deposit as provided in subsection A;

2. Maintain and itemize records for each tenant of all deductions from security deposits provided for under this section which the landlord has made by reason of a tenant's noncompliance with § 55-248.16 during the preceding two years; and

3. Permit a tenant or his authorized agent or attorney to inspect such tenant's records of deductions at any time during normal business hours.

C. Upon request by the landlord to a tenant to vacate, or within five days after receipt of notice by the landlord of the tenant's intent to vacate, the landlord shall make reasonable efforts to advise the tenant of the tenant's right to be present at the landlord's inspection of the dwelling unit for the purpose of determining the amount of security deposit to be returned. If the tenant desires to be present when the landlord makes the inspection, he shall so advise the landlord in writing who, in turn, shall notify the tenant of the time and date of the inspection, which must be made within 72 hours of delivery of possession. Upon completion of the inspection attended by the tenant, the landlord shall furnish the tenant with an itemized list of damages to the dwelling unit known to exist at the time of the inspection.

D. If the tenant has any assignee or sublessee, the landlord shall be entitled to hold a security deposit from only one party in compliance with the provisions of this section.

§ 55-248.15:2. Schedule of interest rates on security deposits.

A. The interest rate established by § 55-248.15:1 varies annually with the annual rate being equal to four percentage points below the Federal Reserve Board discount rate as of January 1 of each year. The purpose of this section is to set out the interest rates applicable under this chapter.

B. The rates are as follows:

1. July 1, 1975, through December 31, 1979, 3.0%.
2. January 1, 1980, through December 31, 1981, 4.0%.
3. January 1, 1982, through December 31, 1984, 4.5%.
4. January 1, 1985, through December 31, 1994, 5.0%.
5. January 1, 1995, through December 31, 1995, 4.75%.
6. January 1, 1996, through December 31, 1996, 5.25%.
7. January 1, 1997, through December 31, 1998, 5.0%.
8. January 1, 1999, through June 30, 1999, 4.5%.
9. July 1, 1999, through December 31, 1999, 3.5%.
10. January 1, 2000, through December 31, 2000, 4.0%.
11. January 1, 2001, through December 31, 2001, 5.0%.
12. January 1, 2002, through December 31, 2002, 0.25%.
13. January 1, 2003, through December 31, 2003, 0%.
14. January 1, 2004, through December 31, 2004, 1.0%.
15. January 1, 2005, through December 31, 2005, 2.25%.
16. January 1, 2006, through December 31, 2006, 4.25%.
17. January 1, 2007, through December 31, 2007, 5.25%.
18. January 1, 2008, through December 31, 2008, 0.75%.
19. January 1, 2009, through December 31, 2009, 0.00%.
20. *January 1, 2010, through December 31, 2010, 0.00%.*

Thereafter, the interest rate shall be determined in accordance with subsection B of § 55-248.15:1.

§ 55-248.38:3. Disposal of property of deceased tenants.

If a tenant, who is the sole occupant of the dwelling unit, dies, and there is no person authorized by order of the circuit court to handle probate matters for the deceased tenant, the landlord may dispose of the personal property left in the premises, or in a storage area provided by the landlord, provided the landlord has given at least 10 days' written notice to (i) the person identified in the rental application, lease agreement, or other landlord document as the authorized person to contact in the event of the death *or emergency* of the tenant or (ii) the tenant in accordance with § 55-248.6 if no such person is identified in the rental application, lease agreement, or other landlord document as the authorized contact person. The notice given under clause (i) or (ii) shall include a statement that any items of personal property left in the premises would be treated as abandoned property and disposed of *in accordance with the provisions of § 55-248.38:1*, if not claimed within 30 days ~~in accordance with the provisions of § 55-248.38:1~~.