

Bond Case Briefs

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CLASS CERTIFICATION - MARYLAND

Westminster Management, LLC v. Smith

Supreme Court of Maryland - March 25, 2024 - A.3d - 2024 WL 1245278

Former residential tenants brought putative class action against property manager and its predecessor, seeking declarative relief and asserting claims of breach of contract, claims that property manager violated the Maryland Consumer Debt Collection Act (MCDCA) and the Maryland Consumer Protection Act (MCPA), and other claims, all of which arose from contention that property manager and predecessor charged excessive fees, including late fees and fees related to summary ejection, and improperly allocated payments.

After one judge denied class certification, the Circuit Court granted motion by property manager and predecessor for summary judgment, denied motion by former tenants for summary judgment, and did not enter a declaration of the rights and obligations of the parties. Former tenants appealed. The Appellate Court reversed and remanded. Property manager and predecessor petitioned for a writ of certiorari, former tenants filed a cross-petition, and both of those petitions were granted.

The Supreme Court of Maryland held that:

- Term “rent,” as used in statute that allows a summary-ejection action for nonpayment of rent, means the fixed, periodic payments a tenant owes for use or occupancy of a rented premises;
- Residential lease’s “Application of Payments” clause, which allowed landlord the option of determining the order in which to apply payments from tenants, violated statutory prohibition on lease provisions requiring tenants to waive or forego rights under law;
- Residential lease’s fees clauses violated statute that prohibited a penalty for the late payment of rent in excess of 5% of the amount of rent due;
- As a matter of apparent first impression, a circuit court should generally consider the merits of a timely motion concerning class certification if the motion is based on a material change in circumstances and is not otherwise deficient; and
- Former tenants’ subsequent motion for class certification in the trial court presented the required material change in circumstances so as to warrant the trial court’s consideration of that subsequent motion on the merits.