

HOUSE BILL 511

N1

(5lr1518)

ENROLLED BILL

— *Environment and Transportation/Judicial Proceedings* —

Introduced by **Delegate Holmes**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Real Property – Residential Property – Ground Leases**

3 FOR the purpose of altering a certain definition for purposes of certain provisions of law
4 prohibiting nonjudicial actions to take possession of property; repealing certain
5 provisions of law providing that the establishment of a lien is the remedy for
6 nonpayment of a ground rent on certain residential property; reorganizing and
7 recodifying certain provisions of law relating to ground leases on certain residential
8 property; authorizing a holder of a secured interest in certain property to apply to
9 redeem a reversion under a ground lease under certain circumstances; altering the
10 contents of a certain affidavit made by a certain ~~director~~ commissioner in the
11 Baltimore City Department of Housing and Community Development concerning
12 abandoned or distressed property under certain circumstances; *specifying the date*
13 *from which certain past due ground rent accrues for certain purposes*; authorizing a
14 ground lease holder to be reimbursed for certain late fees, interest, collection costs,
15 and expenses in an action to recover past due ground rent under certain

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



1 ~~circumstances~~; authorizing a ground lease holder to bring an action ~~to reenter for~~
 2 possession for nonpayment of ground rent only under certain circumstances;
 3 authorizing a holder of a secured interest in certain property to cure a default for
 4 nonpayment of ground rent under certain circumstances; requiring a ground lease
 5 holder to send certain notices to a leasehold tenant in a certain manner no less than
 6 a certain number of days before filing an action ~~to reenter for possession~~; authorizing
 7 a ground lease holder to be reimbursed for certain late fees, interest, ~~and collection~~
 8 ~~costs~~ collection costs, and expenses in an action for possession for nonpayment of
 9 ground rent under certain circumstances; requiring a ground lease holder to send a
 10 copy of a certain notice to any holder of record of a secured interest in certain
 11 property under certain circumstances; requiring an action filed under certain
 12 provisions of this Act to be accompanied by certain documents; specifying the manner
 13 in which service of process must be made for an action filed under certain provisions
 14 of this Act; requiring a holder of record of a secured interest in certain property to be
 15 made a party to an action filed under certain provisions of this Act under certain
 16 circumstances; authorizing a leasehold tenant to cure a default and commence a
 17 proceeding to obtain relief from a ~~judgment for writ of~~ writ of possession under certain
 18 circumstances; prohibiting a ground lease holder or a plaintiff from receiving a writ
 19 of possession or reimbursement for certain costs or expenses unless certain notice
 20 requirements are met; ~~prohibiting~~ authorizing a ground lease holder ~~from receiving~~
 21 ~~reimbursement for certain costs or expenses~~, if the ground lease holder receives and
 22 executes a writ of possession, and if authorized under the ground lease, to be
 23 reimbursed for certain late fees, interest, collection costs, and expenses under certain
 24 circumstances; altering the contents of certain notices required to be included in
 25 certain ground rent bills and contracts for the sale of certain residential property
 26 subject to a ground lease; repealing certain provisions of law made obsolete by this
 27 Act; making stylistic and technical changes; defining certain terms; requiring the
 28 State Department of Assessments and Taxation to develop and post a certain notice
 29 on the Department's Web site; clarifying that certain prior provisions of law are
 30 repealed; and generally relating to ground leases on residential property.

31 BY repealing

32 Article – Real Property

33 Section 8–402.3 and 14–117(a)

34 Annotated Code of Maryland

35 (2010 Replacement Volume and 2014 Supplement)

36 BY repealing and reenacting, with amendments,

37 Article – Real Property

38 Section 7–113, 8–110, 8–110.1, 8–111.1, 8–111.2, 8–707, 14–116, 14–116.1, 14–116.2,

39 ~~14–117(a)~~, and 14–129

40 Annotated Code of Maryland

41 (2010 Replacement Volume and 2014 Supplement)

42 BY adding to

43 Article – Real Property

1 Section 8–801, 8–802, and 8–807 to be under the new subtitle “Subtitle 8. Residential
2 Ground Leases”
3 Annotated Code of Maryland
4 (2010 Replacement Volume and 2014 Supplement)

5 BY repealing and reenacting, without amendments,
6 Article – Real Property
7 Section 14–108.1
8 Annotated Code of Maryland
9 (2010 Replacement Volume and 2014 Supplement)

10 BY renumbering
11 Article – Real Property
12 Section 14–117(b) through (l), respectively
13 to be Section 14–117(a) through (k), respectively
14 Annotated Code of Maryland
15 (2010 Replacement Volume and 2014 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
17 That Section(s) 8–402.3 of Article – Real Property of the Annotated Code of Maryland be
18 repealed.

19 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
20 as follows:

21 **Article – Real Property**

22 7–113.

23 (a) (1) In this section the following words have the meanings indicated.

24 (2) “Party claiming the right to possession” means a person or successor to
25 any person who:

26 (i) Does not have actual possession of a residential property; and

27 (ii) Has or claims to have a legal right to possession of the residential
28 property:

29 1. By the terms of a contract or foreclosure sale;[or]

30 **2. UNDER A RESIDENTIAL LEASE OR SUBLEASE THAT**
31 **HAS AN INITIAL TERM OF 99 YEARS RENEWABLE FOREVER AND THAT CREATES A**
32 **LEASEHOLD ESTATE SUBJECT TO THE PAYMENT OF PERIODIC INSTALLMENTS OF AN**
33 **ANNUAL LEASE AMOUNT; OR**

1 [2.] 3. Under a court order, including a court order extinguishing
2 a right of redemption.

3 (3) (i) “Protected resident” means an owner or former owner in actual
4 possession of residential property.

5 (ii) “Protected resident” includes a grantee, tenant, subtenant, or
6 other person in actual possession by, through, or under an owner or former owner of
7 residential property.

8 (iii) “Protected resident” does not include a trespasser or squatter.

9 (4) “Residential property” means a building, structure, or portion of a
10 building or structure that is designed principally and is intended for human habitation.

11 (5) “Threaten to take possession” means using words or actions intended to
12 convince a reasonable person that a party claiming the right to possession intends to take
13 imminent possession of residential property in violation of this section.

14 (6) “Willful diminution of services” means intentionally interrupting or
15 causing the interruption of heat, running water, hot water, electricity, or gas by a party
16 claiming the right to possession for the purpose of forcing a protected resident to abandon
17 residential property.

18 (b) (1) Except as provided in paragraph (2) of this subsection, a party claiming
19 the right to possession may not take possession or threaten to take possession of residential
20 property from a protected resident by:

21 (i) Locking the resident out of the residential property;

22 (ii) Engaging in willful diminution of services to the protected
23 resident; or

24 (iii) Taking any other action that deprives the protected resident of
25 actual possession.

26 (2) (i) Except as provided in subparagraph (ii) of this paragraph, a
27 party claiming the right to possession may take possession of residential property from a
28 protected resident only in accordance with a writ of possession issued by a court and
29 executed by a sheriff or constable.

30 (ii) A party claiming the right to possession of residential property
31 may use nonjudicial self-help to take possession of the property, if the party:

32 1. Reasonably believes the protected resident has abandoned
33 or surrendered possession of the property based on a reasonable inquiry into the occupancy
34 status of the property;

1 (d) (1) If in any proceeding the court finds that a party claiming the right to
2 possession violated subsection (b) of this section, the protected resident may recover:

3 (i) Possession of the property, if no other person then resides in the
4 property;

5 (ii) Actual damages; and

6 (iii) Reasonable attorney's fees and costs.

7 (2) The remedies set forth in this subsection are not exclusive.

8 (e) This section does not apply if the parties are governed by Title 8, Subtitle 2,
9 or Title 8A of this article.

10 8-707.

11 If a ground lease is not registered in accordance with this subtitle, the ground lease
12 holder may not:

13 (1) Collect any ground rent payments due under the ground lease;

14 (2) Bring a civil action against the leasehold tenant to enforce any rights
15 the ground lease holder may have under the ground lease; or

16 (3) [Obtain a lien under § 8-402.3] **BRING AN ACTION AGAINST THE**
17 **LEASEHOLD TENANT UNDER SUBTITLE 8** of this title.

18 **SUBTITLE 8. RESIDENTIAL GROUND LEASES.**

19 **8-801.**

20 (A) **IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
21 **INDICATED.**

22 (B) **“GROUND LEASE” MEANS A RESIDENTIAL LEASE OR SUBLEASE FOR A**
23 **TERM OF YEARS RENEWABLE FOREVER SUBJECT TO THE PAYMENT OF A PERIODIC**
24 **GROUND RENT.**

25 (C) (1) **“GROUND LEASE HOLDER” MEANS THE HOLDER OF THE**
26 **REVERSIONARY INTEREST UNDER A GROUND LEASE.**

27 (2) **“GROUND LEASE HOLDER” INCLUDES AN AGENT OF THE GROUND**
28 **LEASE HOLDER.**

1 (D) "GROUND RENT" MEANS A RENT ISSUING OUT OF, OR COLLECTIBLE IN
2 CONNECTION WITH, THE REVERSIONARY INTEREST UNDER A GROUND LEASE.

3 (E) "LEASEHOLD INTEREST" MEANS THE TENANCY IN REAL PROPERTY
4 CREATED UNDER A GROUND LEASE.

5 (F) "LEASEHOLD TENANT" MEANS THE HOLDER OF THE LEASEHOLD
6 INTEREST UNDER A GROUND LEASE.

7 **8-802.**

8 (A) THIS SUBTITLE APPLIES TO RESIDENTIAL PROPERTY THAT WAS OR IS
9 USED, INTENDED TO BE USED, OR AUTHORIZED TO BE USED FOR FOUR OR FEWER
10 DWELLING UNITS.

11 (B) THIS SUBTITLE DOES NOT APPLY TO PROPERTY:

12 (1) LEASED FOR BUSINESS, COMMERCIAL, MANUFACTURING,
13 MERCANTILE, OR INDUSTRIAL PURPOSES, OR ANY OTHER PURPOSE THAT IS NOT
14 PRIMARILY RESIDENTIAL;

15 (2) IMPROVED OR TO BE IMPROVED BY ANY APARTMENT,
16 CONDOMINIUM, COOPERATIVE, OR OTHER BUILDING FOR MULTIFAMILY USE OF
17 GREATER THAN FOUR DWELLING UNITS; OR

18 (3) LEASED FOR DWELLINGS OR MOBILE HOMES THAT ARE ERECTED
19 OR PLACED IN A MOBILE HOME DEVELOPMENT OR MOBILE HOME PARK.

20 **[8-111.2.] 8-803.**

21 (a) This section does not apply to property[:

22 (1) Leased for business, commercial, manufacturing, mercantile, or
23 industrial purposes, or any other purpose that is not primarily residential;

24 (2) Improved or to be improved by any apartment, condominium,
25 cooperative, or other building for multifamily use of greater than four dwelling units;

26 (3) Leased for dwellings or mobile homes that are erected or placed in a
27 mobile home development or mobile home park; or

28 (4) Subject] **THAT IS SUBJECT** to an affordable housing land trust
29 agreement executed under Title 14, Subtitle 5 of this article.

1 (b) On or after January 22, 2007, the owner of a fee simple or leasehold estate in
2 residential property that is or was used, intended to be used, or authorized to be used for
3 four or fewer dwelling units may not create a reversionary interest in the property under a
4 ground lease or a ground sublease for a term of years renewable forever subject to the
5 payment of a periodic ground rent.

6 ~~[8-110.]~~ **8-804.**

7 (a) (1) [This section does not apply to leases of property leased for business,
8 commercial, manufacturing, mercantile, or industrial purposes or any other purpose which
9 is not primarily residential, where the term of the lease, including all renewals provided
10 for, does not exceed 99 years. A lease of the entire property improved or to be improved by
11 any apartment, condominium, cooperative, or other building for multiple-family use on the
12 property constitutes a business and not a residential purpose. The term "multiple-family
13 use" does not apply to any duplex or single-family structure converted to a
14 multiple-dwelling unit.

15 (2) Except as provided in subsection (f) of this section, this section does not
16 apply to irredeemable **GROUND** leases [executed before April 9, 1884] **PRESERVED**
17 **UNDER § 8-805 OF THIS SUBTITLE.**

18 [(3) This section does not apply to leases of the ground or site upon which
19 dwellings or mobile homes are erected or placed in a mobile home development or mobile
20 home park.

21 (4) (2) This section does not apply to an affordable housing land trust
22 agreement executed under Title 14, Subtitle 5 of this article.

23 (b) (1) Except for apartment and cooperative leases, any reversion reserved in
24 a **GROUND** lease for longer than 15 years is redeemable at any time, at the option of the
25 **LEASEHOLD** tenant, after 30 days' notice to the [landlord] **GROUND LEASE HOLDER.**
26 Notice shall be given by certified mail, return receipt requested, and by first-class mail to
27 the last known address of the [landlord] **GROUND LEASE HOLDER.**

28 (2) The reversion is redeemable:

29 (i) For a sum equal to the annual **GROUND** rent reserved multiplied
30 by:

31 1. 25, which is capitalization at 4 percent, if the **GROUND**
32 lease was executed from April 8, 1884 to April 5, 1888, both inclusive;

33 2. 8.33, which is capitalization at 12 percent, if the **GROUND**
34 lease was or is created after July 1, 1982; or

1 3. 16.66, which is capitalization at 6 percent, if the **GROUND**
2 lease was created at any other time;

3 (ii) For a lesser sum if specified in the **GROUND** lease; or

4 (iii) For a sum to which the parties may agree at the time of
5 redemption.

6 **(3) (I) IF THE LEASEHOLD TENANT IS IN DEFAULT UNDER A**
7 **SECURITY INSTRUMENT, THE HOLDER OF THE SECURED INTEREST IN THE**
8 **PROPERTY THAT IS SUBJECT TO A GROUND LEASE, OR ANY PORTION OF A GROUND**
9 **LEASE, THAT IS RECORDED IN THE LAND RECORDS OF THE COUNTY IN WHICH THE**
10 **PROPERTY IS LOCATED MAY APPLY TO THE STATE DEPARTMENT OF ASSESSMENTS**
11 **AND TAXATION TO REDEEM THE REVERSION AS PROVIDED UNDER THIS SECTION.**

12 **(II) IF A HOLDER OF A SECURED INTEREST APPLIES TO REDEEM**
13 **A REVERSION AS AUTHORIZED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE**
14 **HOLDER ALSO SHALL PAY TO THE GROUND LEASE HOLDER THE OUTSTANDING**
15 **AMOUNT DUE, INCLUDING, IF AUTHORIZED UNDER THE GROUND LEASE,**
16 **REASONABLE LATE FEES, INTEREST, ~~AND COLLECTION COSTS~~ COLLECTION COSTS,**
17 **AND EXPENSES AS PROVIDED UNDER § 8-807 OF THIS SUBTITLE.**

18 (c) If a **LEASEHOLD** tenant has power to redeem the reversion from a trustee or
19 other person who does not have a power of sale, the reversion nevertheless may be
20 redeemed in accordance with the procedures prescribed in the Maryland Rules.

21 (d) Notwithstanding subsection (b) of this section, any regulatory changes made
22 by a federal agency, instrumentality, or subsidiary, including the Department of Housing
23 and Urban Development, the Federal Housing Administration, the Government National
24 Mortgage Association, the Federal National Mortgage Association, and the Veterans'
25 Administration, shall be applicable to redemption of reversions of **GROUND** leases for
26 longer than 15 years.

27 (e) (1) Before the entry of a judgment foreclosing [an owner's] **A LEASEHOLD**
28 **TENANT'S** right of redemption, a reversion in a ground rent or **GROUND** lease for 99 years
29 renewable forever held on abandoned property in Baltimore City, as defined in § 14-817 of
30 the Tax – Property Article, may be donated to Baltimore City or, at the option of Baltimore
31 City, to an entity designated by Baltimore City.

32 (2) Valuation of the donation of a reversionary interest [pursuant to]
33 **UNDER** this subsection shall be in accordance with subsection (b) of this section.

34 (f) (1) (i) A **LEASEHOLD** tenant who has given the [landlord] **GROUND**
35 **LEASE HOLDER** notice in accordance with subsection (b) of this section may apply to the

1 State Department of Assessments and Taxation to redeem a ground rent as provided in
2 this subsection.

3 (ii) When the Mayor and City Council of Baltimore City acquires
4 property that is subject to an irredeemable ground rent, the City shall become the
5 **LEASEHOLD** tenant of the ground rent and, after giving the [landlord] **GROUND LEASE**
6 **HOLDER** notice in accordance with subsection (b) of this section, may apply to the State
7 Department of Assessments and Taxation to extinguish the ground rent as provided in this
8 subsection.

9 (iii) When the Mayor and City Council of Baltimore City acquires
10 abandoned or distressed property that is subject to a redeemable ground rent, the City shall
11 become the **LEASEHOLD** tenant of the ground rent and, after giving the [landlord]
12 **GROUND LEASE HOLDER** notice in accordance with subsection (b) of this section, may
13 apply to the State Department of Assessments and Taxation to redeem the ground rent as
14 provided in this subsection.

15 (2) The **LEASEHOLD** tenant shall provide to the State Department of
16 Assessments and Taxation:

17 (i) Documentation satisfactory to the Department of the **GROUND**
18 lease and the notice given to the [landlord] **GROUND LEASE HOLDER**; and

19 (ii) Payment of a \$20 fee, and any expediting fee required under §
20 1–203 of the Corporations and Associations Article.

21 (3) (i) On receipt of the items stated in paragraph (2) of this subsection,
22 the Department shall post notice on its website that application has been made to redeem
23 or extinguish the ground rent.

24 (ii) The notice shall remain posted for at least 90 days.

25 (4) Except as provided in paragraph (5) of this subsection, no earlier than
26 90 days after the application has been posted as provided in paragraph (3) of this
27 subsection, a **LEASEHOLD** tenant seeking to redeem a ground rent shall provide to the
28 Department:

29 (i) Payment of the redemption amount and up to 3 years' [back]
30 **PAST DUE GROUND** rent to the extent required under this section and [§ 8–111.1] §
31 **8–806** of this subtitle, in a form satisfactory to the Department; and

32 (ii) An affidavit made by the **LEASEHOLD** tenant, in the form
33 adopted by the Department, certifying that:

34 1. The **LEASEHOLD** tenant has not received a bill for ground
35 rent due or other communication from the [landlord] **GROUND LEASE HOLDER** regarding

1 the ground rent during the 3 years immediately before the filing of the documentation
2 required for the issuance of a redemption certificate under this subsection; or

3 2. The last payment for ground rent was made to the
4 **[landlord] GROUND LEASE HOLDER** identified in the affidavit and sent to the same
5 address where the notice required under subsection (b) of this section was sent.

6 (5) No earlier than 90 days after the application has been posted as
7 provided in paragraph (3) of this subsection, a **LEASEHOLD** tenant seeking to extinguish
8 an irredeemable ground rent or to redeem a redeemable ground rent on abandoned or
9 distressed property that was acquired or is being acquired by the Mayor and City Council
10 of Baltimore shall provide to the Department:

11 (i) Payment of up to 3 years' **[back] PAST DUE GROUND** rent to the
12 extent required under this section and **[§ 8–111.1] § 8–806** of this subtitle, in a form
13 satisfactory to the Department; and

14 (ii) An affidavit made by the ~~Director of the Office of Property~~
15 ~~Acquisition and Relocation in~~ **COMMISSIONER OF** the Baltimore City Department of
16 Housing and Community Development **OR THE COMMISSIONER'S DESIGNEE** certifying
17 that:

18 1. The property is abandoned property, as defined in §
19 21–17(a)(2) of the Public Local Laws of Baltimore City, or distressed property, as defined
20 in § 21–17(a)(3) of the Public Local Laws of Baltimore City;

21 2. The property was acquired or is being acquired by the
22 Mayor and City Council of Baltimore City; **AND**

23 3. **[The landlord of the property has not registered the**
24 **ground lease with the State Department of Assessments and Taxation under Subtitle 7 of**
25 **this title; and**

26 4.] The existence of the ground rent is an impediment to
27 redevelopment of the site.

28 (6) At any time, the **LEASEHOLD** tenant may submit to the Department
29 notice that the **LEASEHOLD** tenant is no longer seeking redemption or extinguishment
30 under this subsection.

31 (7) Upon receipt of the documentation, fees, and, where applicable, the
32 redemption amount and 3 years' **[back] PAST DUE GROUND** rent to the extent required
33 under this section and **[§ 8–111.1] § 8–806** of this subtitle, the Department shall issue to
34 the **LEASEHOLD** tenant a ground rent redemption certificate or a ground rent
35 extinguishment certificate, as appropriate.

1 (8) The redemption or extinguishment of the ground rent is effective to
2 conclusively vest a fee simple title in the **LEASEHOLD** tenant, free and clear of any and all
3 right, title, or interest of the [landlord] **GROUND LEASE HOLDER**, any lien of a creditor of
4 the [landlord] **GROUND LEASE HOLDER**, and any person claiming by, through, or under
5 the [landlord] **GROUND LEASE HOLDER** when the **LEASEHOLD** tenant records the
6 certificate in the land records of the county in which the property is located.

7 (9) The [landlord] **GROUND LEASE HOLDER**, any creditor of the
8 [landlord] **GROUND LEASE HOLDER**, or any other person claiming by, through, or under
9 the [landlord] **GROUND LEASE HOLDER** may file a claim with the Department in order to
10 collect all, or any portion of, where applicable, the redemption amount and 3 years' [back]
11 **PAST DUE GROUND** rent to the extent required under this section and [§ 8–111.1] §
12 **8–806** of this subtitle, without interest, by providing to the Department:

13 (i) Documentation satisfactory to the Department of the claimant's
14 interest; and

15 (ii) Payment of a \$20 fee, and any expediting fee required under §
16 1–203 of the Corporations and Associations Article.

17 (10) (i) A [landlord] **GROUND LEASE HOLDER** whose ground rent has
18 been extinguished may file a claim with the Baltimore City Director of Finance to collect
19 an amount equal to the annual **GROUND** rent reserved multiplied by 16.66, which is
20 capitalization at 6 percent, by providing to the Director:

21 1. Proof of payment to the [landlord] **GROUND LEASE**
22 **HOLDER** by the Department of [back] **PAST DUE GROUND** rent under paragraph (9) of
23 this subsection; and

24 2. Payment of a \$20 fee.

25 (ii) A [landlord] **GROUND LEASE HOLDER** of abandoned or
26 distressed property acquired by the Mayor and City Council of Baltimore City whose
27 ground rent has been redeemed may file a claim with the Baltimore City Director of Finance
28 to collect the redemption amount, by providing to the Director:

29 1. Proof of payment to the [landlord] **GROUND LEASE**
30 **HOLDER** by the Department of [back] **PAST DUE GROUND** rent under paragraph (9) of
31 this subsection; and

32 2. Payment of a \$20 fee.

33 (11) (i) In the event of a dispute regarding the extinguishment amount
34 as calculated under paragraph (10)(i) of this subsection, the [landlord] **GROUND LEASE**

1 **HOLDER** may refuse payment from the Baltimore City Director of Finance and file an
2 appeal regarding the valuation in the Circuit Court of Baltimore City.

3 (ii) In an appeal, the [landlord] **GROUND LEASE HOLDER** is
4 entitled to receive the fair market value of the [landlord's] **GROUND LEASE HOLDER'S**
5 interest in the property at the time of the extinguishment.

6 (12) In the event of a dispute regarding the payment by the Department to
7 any person of all or any portion of the collected redemption amount and up to 3 years' [back]
8 **PAST DUE GROUND** rent to the extent required by this section and [§ 8–111.1] **§ 8–806** of
9 this subtitle, the Department may:

10 (i) File an interpleader action in the circuit court of the county
11 where the property is located; or

12 (ii) Reimburse the [landlord] **GROUND LEASE HOLDER** from the
13 fund established in § 1–203.3 of the Corporations and Associations Article.

14 (13) The Department is not liable for any sum received by the Department
15 that exceeds the sum of:

16 (i) The redemption amount; and

17 (ii) Up to 3 years' [back] **PAST DUE GROUND** rent to the extent
18 required by this section and [§ 8–111.1] **§ 8–806** of this subtitle.

19 (14) The Department shall credit all fees and funds collected under this
20 subsection to the fund established under § 1–203.3 of the Corporations and Associations
21 Article. Redemption and extinguishment amounts received shall be held in a ground rent
22 redemption and ground rent extinguishment account in that fund.

23 (15) The Department shall maintain a list of properties for which ground
24 rents have been redeemed or extinguished under this subsection.

25 (16) The Department shall adopt regulations to carry out the provisions of
26 this subsection.

27 (17) Any redemption or extinguishment funds not collected by a [landlord]
28 **GROUND LEASE HOLDER** under this subsection within 20 years after the date of the
29 payment to the Department by the **LEASEHOLD** tenant shall escheat to the State. The
30 Department shall annually transfer any funds that remain uncollected after 20 years to
31 the State General Fund at the end of each fiscal year.

32 [8–110.1.] **8–805.**

33 (a) (1) In this section the following words have the meanings indicated.

1 (2) ["Ground lease" means a residential lease or sublease for a term of
2 years renewable forever subject to the payment of a periodic ground rent.

3 (3) (i) "Ground lease holder" means the holder of the reversionary
4 interest under a ground lease.

5 (ii) "Ground lease holder" includes an agent of the ground lease
6 holder.

7 (4) "Ground rent" means a rent issuing out of, or collectible in connection
8 with, the reversionary interest under a ground lease.

9 (5) "Irredeemable ground rent" means a ground rent created under a
10 ground lease executed before April 9, 1884, that does not contain a provision allowing the
11 leasehold tenant to redeem the ground rent.

12 [(6) "Leasehold interest" means the tenancy in real property created under
13 a ground lease.

14 (7) "Leasehold tenant" means the holder of the leasehold interest under a
15 ground lease.

16 (8) (3) "Redeemable ground rent" means a ground rent that may be
17 redeemed in accordance with this section or redeemed or extinguished in accordance with
18 [§ 8-110(f)] § 8-804(F) of this subtitle.

19 (b) [(1) This section applies to residential property that is or was used, intended
20 to be used, or authorized to be used for four or fewer dwelling units.

21 (2) This section does not apply to property:

22 (i) Leased for business, commercial, manufacturing, mercantile, or
23 industrial purposes, or any other purpose that is not primarily residential;

24 (ii) Improved or to be improved by any apartment, condominium,
25 cooperative, or other building for multifamily use of greater than four dwelling units; or

26 (iii) Leased for dwellings or mobile homes that are erected or placed
27 in a mobile home development or mobile home park.

28 (c) (1) An irredeemable ground rent shall be converted to, and become, a
29 redeemable ground rent, unless within the time specified in subsection [(f)](E) of this
30 section, a notice of intention to preserve irredeemability is recorded.

1 (2) The conversion of an irredeemable ground rent to a redeemable ground
2 rent occurs on the day following the end of the period in which the notice may be recorded.

3 (3) A disability or lack of knowledge of any kind does not prevent the
4 conversion of an irredeemable ground rent to a redeemable ground rent if no notice of
5 intention to preserve irredeemability is filed within the time specified in subsection ~~[(f)]~~ **(E)**
6 of this section.

7 ~~[(d)]~~ **(C)** (1) Any ground lease holder of an irredeemable ground rent may
8 record a notice of intention to preserve irredeemability among the land records of the county
9 where the land is located.

10 (2) The notice may be recorded by:

11 (i) The person claiming to be the ground lease holder; or

12 (ii) If the ground lease holder is under a disability or otherwise
13 unable to assert a claim on the ground lease holder's own behalf, any other person acting
14 on the ground lease holder's behalf.

15 ~~[(e)]~~ **(D)** (1) To be effective and to be entitled to be recorded, the notice shall
16 be executed by the ground lease holder, acknowledged before a notary public, and contain
17 substantially the following information:

18 (i) An accurate description of the leasehold interest affected by the
19 notice, including, if known, the property improvement address;

20 (ii) The name of every ground lease holder of an irredeemable ground
21 rent;

22 (iii) The name of every leasehold tenant as of the time the notice is
23 filed according to the land records or the records of the State Department of Assessments
24 and Taxation;

25 (iv) The recording reference of the ground lease;

26 (v) The recording reference of every leasehold tenant's leasehold
27 deed, as of the time the notice is filed, according to the land records or the records of the
28 State Department of Assessments and Taxation;

29 (vi) The recording reference of every irredeemable ground rent
30 ground lease holder's deed; and

31 (vii) The block number for the leasehold interest if the property is
32 located in Baltimore City.

1 (2) (i) A notice that substantially meets the requirements of this section
2 shall be accepted for recording among the land records on payment of the same fees as are
3 charged for the recording of deeds.

4 (ii) The filing of a notice is exempt from the imposition of a State or
5 local excise tax.

6 (3) The notice shall be indexed as “Notice of Intention to Preserve
7 Irredeemability”:

8 (i) In the grantee indices of deeds under the name of every ground
9 lease holder of an irredeemable ground rent;

10 (ii) In the grantor indices of deeds under the name of every leasehold
11 tenant as of the time the notice is filed according to the land records or the records of the
12 State Department of Assessments and Taxation; and

13 (iii) In the block index in Baltimore City.

14 **[(f)] (E)** (1) To preserve the irredeemability of an irredeemable ground rent,
15 a notice of intention to preserve shall be recorded on or before December 31, 2010.

16 (2) If a notice of intention to preserve is not recorded on or before December
17 31, 2010, the ground rent becomes a redeemable ground rent.

18 (3) If a notice is recorded on or before December 31, 2010, the ground rent
19 shall remain irredeemable for a period of 10 years from January 1, 2011, to December 31,
20 2020, both inclusive.

21 (4) (i) The effectiveness of a filed notice to preserve irredeemability
22 shall lapse on January 1, 2021, and the ground rent shall become a redeemable ground
23 rent, unless a renewal notice containing substantially the same information as the notice
24 of intention to preserve irredeemability is recorded within 6 months before the expiration
25 of the 10–year period set forth in paragraph (3) of this subsection.

26 (ii) The effectiveness of any subsequently filed renewal notice shall
27 lapse after the expiration of the applicable 10–year period and the ground rent shall become
28 a redeemable ground rent, unless further renewal notices are recorded within 6 months
29 before the expiration of the applicable 10–year period.

30 **[(g)] (F)** A ground rent made redeemable in accordance with this section:

31 (1) Is redeemable at any time following the date of conversion of the
32 irredeemable ground rent to a redeemable ground rent; and

33 (2) Shall be redeemable for a sum equal to the annual rent reserved
34 multiplied by 16.66, which is capitalization at 6 percent.

1 **[8-111.1.] 8-806.**

2 (a) [This section applies to all residential leases or subleases in effect on or after
3 October 1, 1999, which have an initial term of 99 years and which create a leasehold estate,
4 or subleasehold estate, subject to the payment of an annual ground rent.

5 (b) In any suit, action, or proceeding by a [landlord] **GROUND LEASE HOLDER**,
6 or the transferee of the reversion in [leased] property **SUBJECT TO A GROUND LEASE**, to
7 recover [back] **PAST DUE GROUND** rent, the [landlord] **GROUND LEASE HOLDER**, or the
8 transferee of the reversion [in leased property] is entitled to demand or recover not more
9 than 3 years [back] **PAST DUE GROUND** rent, **CALCULATED FROM THE DATE NOTICE**
10 **WAS SENT UNDER § 8-807(C)(1) OF THIS SUBTITLE.**

11 **(B) IF AUTHORIZED UNDER THE GROUND LEASE, A GROUND LEASE HOLDER**
12 ~~**MAY NOT RECEIVE REIMBURSEMENT FOR ANY ADDITIONAL COSTS OR EXPENSES**~~
13 ~~**RELATED TO COLLECTION OF THE PAST DUE GROUND RENT, EXCEPT BE**~~
14 ~~**REIMBURSED FOR REASONABLE LATE FEES, INTEREST, COLLECTION COSTS, AND**~~
15 ~~**EXPENSES, SUBJECT TO THE SAME LIMITATIONS AS PROVIDED IN § 8-807 OF THIS**~~
16 ~~**SUBTITLE.**~~

17 (c) (1) Notwithstanding any other provision of law, in any suit, action, or
18 proceeding to recover [back] **PAST DUE GROUND** rent, a [landlord or] **GROUND LEASE**
19 holder [of a ground rent] may only recover not more than 3 years [back] **PAST DUE**
20 **GROUND** rent, **CALCULATED FROM THE DATE NOTICE WAS SENT UNDER §**
21 **8-807(C)(1) OF THIS SUBTITLE,** if the property is:

22 (i) Owned or acquired by any means by the Mayor and City Council
23 of Baltimore; and

24 (ii) Abandoned property, as defined in § 21-17(a)(2) of the Public
25 Local Laws of Baltimore City, or distressed property, as defined in § 21-17(a)(3) of the
26 Public Local Laws of Baltimore City.

27 (2) With regard to property described under paragraph (1) of this
28 subsection, a [landlord] **GROUND LEASE HOLDER** may request in writing that the Mayor
29 and City Council of Baltimore acquire the reversionary interest under the ground [rent]
30 **LEASE** for the market value established at the time of the acquisition by the Mayor and
31 City Council of the leasehold interest under the ground [rent] **LEASE.**

32 **8-807.**

33 **(A) FOR PROPERTY SUBJECT TO A GROUND LEASE IN EFFECT ON OR AFTER**
34 **JULY 1, 2007, A GROUND LEASE HOLDER MAY BRING AN ACTION ~~TO REENTER FOR~~**
35 **POSSESSION FOR NONPAYMENT OF GROUND RENT ONLY:**

1 (1) IF THE GROUND LEASE HOLDER HAS THE LAWFUL RIGHT TO
2 ~~REENTER~~ CLAIM POSSESSION FOR NONPAYMENT OF GROUND RENT;

3 (2) IF THE GROUND LEASE IS REGISTERED WITH THE STATE
4 DEPARTMENT OF ASSESSMENTS AND TAXATION UNDER SUBTITLE 7 OF THIS TITLE;

5 (3) IF THE PAYMENT OF GROUND RENT IS AT LEAST 6 MONTHS IN
6 ARREARS; AND

7 (4) AS PROVIDED UNDER THIS SECTION.

8 (B) A HOLDER OF A SECURED INTEREST IN THE PROPERTY THAT IS SUBJECT
9 TO THE GROUND LEASE, OR ANY PORTION OF THE GROUND LEASE, THAT IS
10 RECORDED IN THE LAND RECORDS OF THE COUNTY IN WHICH THE PROPERTY IS
11 LOCATED MAY CURE THE DEFAULT BY PAYING THE OUTSTANDING AMOUNT DUE,
12 INCLUDING, IF AUTHORIZED UNDER THE GROUND LEASE, REASONABLE LATE FEES,
13 INTEREST, ~~AND COLLECTION COSTS~~ COLLECTION COSTS, AND EXPENSES SUBJECT
14 TO THE SAME PROVISIONS THAT ARE APPLICABLE TO A LEASEHOLD TENANT WHO
15 CURES A DEFAULT AFTER RECEIVING NOTICE UNDER SUBSECTION (C) OR (D) OF
16 THIS SECTION OR RECEIVING PERSONAL SERVICE OF PROCESS IN AN ACTION FILED
17 UNDER SUBSECTION (F) OF THIS SECTION.

18 (C) (1) NO LESS THAN 60 DAYS BEFORE FILING AN ACTION ~~TO REENTER~~
19 FOR POSSESSION, THE GROUND LEASE HOLDER SHALL SEND A NOTICE, IN THE FORM
20 REQUIRED UNDER PARAGRAPH (2) OF THIS SUBSECTION, TO THE LEASEHOLD
21 TENANT'S LAST KNOWN ADDRESS AS SHOWN IN THE RECORDS OF THE STATE
22 DEPARTMENT OF ASSESSMENTS AND TAXATION, OR OTHER PLACE OF BUSINESS OR
23 RESIDENCE IF KNOWN, BY:

24 (I) FIRST-CLASS MAIL; AND

25 (II) CERTIFIED MAIL, RETURN RECEIPT REQUESTED.

26 (2) THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF THIS
27 SUBSECTION SHALL BE IN SUBSTANTIALLY THE SAME FORM AS THE NOTICE
28 CONTAINED ON THE WEB SITE OF THE STATE DEPARTMENT OF ASSESSMENTS AND
29 TAXATION.

30 (3) IF AUTHORIZED UNDER THE GROUND LEASE, A GROUND LEASE
31 HOLDER MAY BE REIMBURSED FOR REASONABLE LATE FEES, INTEREST, ~~AND~~
32 ~~COLLECTION COSTS~~ COLLECTION COSTS, AND EXPENSES NOT EXCEEDING \$100,
33 PROVIDED THE OUTSTANDING AMOUNT DUE IS PAID ~~IN RESPONSE TO~~ AFTER THE

1 NOTICE SENT UNDER PARAGRAPH (1) OF THIS SUBSECTION AND BEFORE A NOTICE
2 IS SENT UNDER SUBSECTION (D) OF THIS SECTION.

3 (D) (1) AFTER NOTICE HAS BEEN SENT UNDER SUBSECTION (C) OF THIS
4 SECTION AND NO LESS THAN 30 DAYS BEFORE FILING AN ACTION ~~TO RE-ENTER~~ FOR
5 POSSESSION, THE GROUND LEASE HOLDER SHALL SEND A NOTICE, IN THE FORM
6 REQUIRED UNDER PARAGRAPH (2) OF THIS SUBSECTION, TO THE LEASEHOLD
7 TENANT'S LAST KNOWN ADDRESS AS SHOWN IN THE RECORDS OF THE STATE
8 DEPARTMENT OF ASSESSMENTS AND TAXATION, OR OTHER PLACE OF BUSINESS OR
9 RESIDENCE IF KNOWN, BY:

10 (I) FIRST-CLASS MAIL; AND

11 (II) CERTIFIED MAIL, RETURN RECEIPT REQUESTED.

12 (2) THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF THIS
13 SUBSECTION SHALL BE IN 14 POINT BOLD FONT AND INCLUDE:

14 (I) AN ITEMIZED BILL FOR THE PAYMENT DUE;

15 (II) THE AMOUNT NECESSARY TO CURE THE DEFAULT,
16 INCLUDING LATE FEES, INTEREST, ~~AND COLLECTION COSTS~~ COLLECTION COSTS,
17 AND EXPENSES AUTHORIZED UNDER PARAGRAPH (3) OF THIS SUBSECTION;

18 (III) THE NAME AND ADDRESS OF THE PERSON TO WHOM TO
19 SEND THE PAYMENT DUE;

20 (IV) THE NAME AND CONTACT INFORMATION OF THE PERSON TO
21 CONTACT FOR QUESTIONS ABOUT THE NOTICE; AND

22 (V) A STATEMENT THAT UNLESS THE DEFAULT IS CURED IN 30
23 DAYS:

24 1. THE GROUND LEASE HOLDER INTENDS TO FILE AN
25 ACTION ~~TO RE-ENTER~~ FOR POSSESSION; AND

26 2. THE LEASEHOLD TENANT MAY BE LIABLE FOR
27 REIMBURSING THE GROUND LEASE HOLDER FOR EXPENSES AND COSTS INCURRED
28 IN CONNECTION WITH THE COLLECTION OF PAST DUE GROUND RENT AND THE
29 FILING OF THE ACTION ~~TO RE-ENTER~~ FOR POSSESSION.

30 (3) IF AUTHORIZED UNDER THE GROUND LEASE, A GROUND LEASE
31 HOLDER MAY BE REIMBURSED FOR REASONABLE LATE FEES, INTEREST, ~~AND~~

1 ~~COLLECTION COSTS~~ COLLECTION COSTS, AND EXPENSES NOT EXCEEDING \$650,
 2 INCLUDING:

3 (I) TITLE ABSTRACT AND EXAMINATION FEES;

4 (II) JUDGMENT REPORT COSTS;

5 (III) PHOTOCOPYING AND POSTAGE FEES; AND

6 (IV) ATTORNEY'S FEES.

7 (E) (1) THE GROUND LEASE HOLDER SHALL SEND A COPY OF THE NOTICE
 8 REQUIRED UNDER SUBSECTION (D) OF THIS SECTION TO ANY HOLDER *OF RECORD*
 9 OF A SECURED INTEREST IN THE PROPERTY THAT IS SUBJECT TO THE GROUND
 10 LEASE, OR ANY PORTION OF THE GROUND LEASE, THAT IS RECORDED IN THE LAND
 11 RECORDS OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED, TO THE ADDRESS
 12 SHOWN IN THE LAND RECORDS OR ANOTHER ADDRESS IF KNOWN, BY:

13 (I) FIRST-CLASS MAIL; AND

14 (II) CERTIFIED MAIL, RETURN RECEIPT REQUESTED.

15 (2) THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF THIS
 16 SUBSECTION SHALL BE ACCOMPANIED BY A STATEMENT THAT THE HOLDER OF A
 17 SECURED INTEREST MAY:

18 (I) CURE THE DEFAULT BY PAYING THE OUTSTANDING
 19 AMOUNT DUE, INCLUDING REASONABLE LATE FEES, INTEREST, ~~AND COLLECTION~~
 20 ~~COSTS~~ COLLECTION COSTS, AND EXPENSES AUTHORIZED UNDER SUBSECTION (D)(3)
 21 OF THIS SECTION; OR

22 (II) 1. REDEEM THE PROPERTY IN ACCORDANCE WITH §
 23 8-804 OF THIS SUBTITLE; AND

24 2. CURE THE DEFAULT BY PAYING THE OUTSTANDING
 25 AMOUNT DUE, INCLUDING REASONABLE LATE FEES, INTEREST, ~~AND COLLECTION~~
 26 ~~COSTS~~ COLLECTION COSTS, AND EXPENSES AUTHORIZED UNDER SUBSECTION (D)(3)
 27 OF THIS SECTION.

28 (3) IF NOTICE IS NOT SENT TO A HOLDER *OF RECORD* OF A SECURED
 29 INTEREST IN THE PROPERTY THAT IS SUBJECT TO THE GROUND LEASE, OR ANY
 30 PORTION OF THE GROUND LEASE, THAT IS RECORDED IN THE LAND RECORDS OF
 31 THE COUNTY IN WHICH THE PROPERTY IS LOCATED, A JUDGMENT IN FAVOR OF THE

1 GROUND LEASE HOLDER DOES NOT IMPAIR THE RIGHT OF THE HOLDER OF THE
2 SECURED INTEREST TO ENFORCE THE SECURED INTEREST AGAINST THE PROPERTY.

3 (F) (1) IF THE DEFAULT IS NOT CURED, THE GROUND LEASE HOLDER MAY
4 FILE IN CIRCUIT COURT AN ACTION ~~TO REENTER~~ FOR POSSESSION NO LESS THAN 30
5 DAYS AFTER NOTICE IS SENT UNDER SUBSECTION (D) OF THIS SECTION.

6 (2) AN ACTION FILED UNDER THIS SUBSECTION SHALL BE
7 ACCOMPANIED BY:

8 (I) AN ITEMIZED BILL FOR THE PAYMENT DUE;

9 (II) THE AMOUNT NECESSARY TO CURE THE DEFAULT,
10 INCLUDING REASONABLE LATE FEES, INTEREST, ~~AND COLLECTION COSTS~~
11 COLLECTION COSTS, AND EXPENSES AUTHORIZED UNDER PARAGRAPH (3) OF THIS
12 SUBSECTION;

13 (III) THE NAME AND ADDRESS OF THE PERSON TO WHOM TO
14 SEND THE PAYMENT DUE;

15 (IV) AN AFFIDAVIT AFFIRMING COMPLIANCE WITH THE NOTICE
16 REQUIREMENTS UNDER SUBSECTIONS (B), (C), AND (D) OF THIS SECTION,
17 INCLUDING COPIES OF THE PROOFS OF MAILING FROM THE UNITED STATES
18 POSTAL SERVICE; AND

19 (V) A LIST OF EACH HOLDER OF RECORD OF A SECURED
20 INTEREST IN THE PROPERTY THAT IS SUBJECT TO THE GROUND LEASE, OR ANY
21 PORTION OF THE GROUND LEASE, THAT IS RECORDED IN THE LAND RECORDS OF
22 THE COUNTY IN WHICH THE PROPERTY IS LOCATED.

23 (3) IF AUTHORIZED UNDER THE GROUND LEASE, A GROUND LEASE
24 HOLDER MAY BE REIMBURSED FOR REASONABLE LATE FEES, INTEREST, ~~AND~~
25 ~~COLLECTION COSTS~~ COLLECTION COSTS, AND EXPENSES, INCLUDING:

26 (I) FILING FEES AND COURT COSTS;

27 (II) EXPENSES INCURRED IN THE SERVICE OF PROCESS OR
28 OTHERWISE PROVIDING NOTICE;

29 (III) REASONABLE ATTORNEY'S FEES NOT EXCEEDING \$500; AND

30 (IV) TAXES, INCLUDING INTEREST AND PENALTIES, THAT HAVE
31 BEEN PAID BY THE GROUND LEASE HOLDER OR PLAINTIFF.

1 (G) (1) PERSONAL SERVICE OF PROCESS IN AN ACTION FILED UNDER
2 SUBSECTION (F) OF THIS SECTION SHALL BE MADE IN ACCORDANCE WITH THE
3 MARYLAND RULES.

4 (2) THE INDIVIDUAL MAKING SERVICE OF PROCESS UNDER THIS
5 SUBSECTION SHALL FILE PROOF OF SERVICE WITH THE COURT IN ACCORDANCE
6 WITH THE MARYLAND RULES.

7 (H) (1) A HOLDER OF RECORD OF A SECURED INTEREST IN THE
8 PROPERTY THAT IS SUBJECT TO THE GROUND LEASE, OR ANY PORTION OF THE
9 GROUND LEASE, THAT IS RECORDED IN THE LAND RECORDS OF THE COUNTY IN
10 WHICH THE PROPERTY IS LOCATED, SHALL BE MADE A PARTY, AS PROVIDED UNDER
11 THE MARYLAND RULES, TO AN ACTION FILED UNDER SUBSECTION (F) OF THIS
12 SECTION.

13 (2) THE GROUND LEASE HOLDER SHALL SEND TO EACH HOLDER OF
14 RECORD OF A SECURED INTEREST THAT IS MADE A PARTY TO THE ACTION UNDER
15 PARAGRAPH (1) OF THIS SUBSECTION A STATEMENT THAT THE HOLDER OF A
16 SECURED INTEREST MAY:

17 (I) CURE THE DEFAULT BY PAYING THE OUTSTANDING
18 AMOUNT DUE, INCLUDING REASONABLE LATE FEES, INTEREST, ~~AND COLLECTION~~
19 ~~COSTS~~ COLLECTION COSTS, AND EXPENSES AUTHORIZED UNDER SUBSECTION (F)(3)
20 OF THIS SECTION; OR

21 (II) 1. REDEEM THE PROPERTY IN ACCORDANCE WITH §
22 8-804 OF THIS SUBTITLE; AND

23 2. CURE THE DEFAULT BY PAYING THE OUTSTANDING
24 AMOUNT DUE, INCLUDING REASONABLE LATE FEES, INTEREST, ~~AND COLLECTION~~
25 ~~COSTS~~ COLLECTION COSTS, AND EXPENSES AUTHORIZED UNDER SUBSECTION (F)(3)
26 OF THIS SECTION.

27 (3) IF A HOLDER OF RECORD OF A SECURED INTEREST IS NOT MADE A
28 PARTY TO THE ACTION AS PROVIDED UNDER PARAGRAPH (1) OF THIS SUBSECTION,
29 A JUDGMENT IN FAVOR OF THE GROUND LEASE HOLDER DOES NOT IMPAIR THE
30 RIGHT OF THE HOLDER OF THE SECURED INTEREST TO ENFORCE THE SECURED
31 INTEREST AGAINST THE PROPERTY.

32 (I) WITHIN 6 MONTHS AFTER EXECUTION OF A ~~JUDGMENT FOR~~ WRIT OF
33 POSSESSION IN FAVOR OF THE GROUND LEASE HOLDER, THE LEASEHOLD TENANT
34 OR ANY OTHER PERSON CLAIMING UNDER THE GROUND LEASE MAY:

1 (1) PAY THE PAST DUE GROUND RENT AND ANY LATE FEES,
2 INTEREST, ~~OR COLLECTION COSTS~~ COLLECTION COSTS, AND EXPENSES
3 AUTHORIZED UNDER THIS SECTION; AND

4 (2) COMMENCE A PROCEEDING TO OBTAIN RELIEF FROM THE
5 ~~JUDGMENT WRIT.~~

6 (J) (1) EXCEPT AS PROVIDED IN THIS SECTION, A GROUND LEASE
7 HOLDER OR PLAINTIFF IS NOT ENTITLED TO REIMBURSEMENT FOR ANY COSTS OR
8 EXPENSES RELATED TO THE COLLECTION OF GROUND RENT.

9 (2) A GROUND LEASE HOLDER OR PLAINTIFF MAY NOT RECEIVE A
10 WRIT OF POSSESSION OR REIMBURSEMENT FOR ANY COSTS OR EXPENSES RELATED
11 TO THE COLLECTION OF GROUND RENT UNLESS ALL THE NOTICE REQUIREMENTS
12 OF THIS SECTION ARE MET.

13 (K) IF A GROUND LEASE HOLDER RECEIVES AND EXECUTES A WRIT OF
14 POSSESSION, AND IF AUTHORIZED UNDER THE GROUND LEASE, THE GROUND LEASE
15 HOLDER MAY NOT RECEIVE REIMBURSEMENT FOR ANY COSTS OR EXPENSES
16 RELATED TO THE COLLECTION OF GROUND RENT, INCLUDING ANY LATE FEES,
17 INTEREST, OR BE REIMBURSED FOR REASONABLE LATE FEES, INTEREST,
18 COLLECTION COSTS, AND EXPENSES AS SPECIFIED IN SUBSECTION (C)(3), (D)(3), OR
19 (F)(3) OF THIS SECTION.

20 (L) THIS SECTION DOES NOT PRECLUDE A GROUND LEASE HOLDER FROM
21 USING OTHER LEGAL MEANS TO ENFORCE A GROUND LEASE.

22 [14–116.] 8–808.

23 (a) [(1) In this section the following words have the meanings indicated.

24 (2) “Ground lease” means a residential lease or sublease for a term of years
25 renewable forever subject to the payment of a periodic ground rent.

26 (3) (i) “Ground lease holder” means the holder of the reversionary
27 interest under a ground lease.

28 (ii) “Ground lease holder” includes an agent of the ground lease
29 holder.

30 (4) “Ground rent” means a rent issuing out of, or collectible in connection
31 with, the reversionary interest under a ground lease.

32 (5) “Leasehold interest” means the tenancy in real property created under
33 a ground lease.

1 (6) "Leasehold tenant" means the holder of the leasehold interest under a
2 ground lease.

3 (b) (1) This section applies to residential property that was or is used, intended
4 to be used, or authorized to be used for four or fewer dwelling units.

5 (2) This section does not apply to property:

6 (i) Leased for business, commercial, manufacturing, mercantile, or
7 industrial purposes, or any other purpose that is not primarily residential;

8 (ii) Improved or to be improved by any apartment, condominium,
9 cooperative, or other building for multifamily use of greater than four dwelling units; or

10 (iii) Leased for dwellings or mobile homes that are erected or placed
11 in a mobile home development or mobile home park.

12 (c) Within 30 days of any change of address of a leasehold tenant, the leasehold
13 tenant shall notify the ground lease holder of the change, including the new address and
14 the date of the change.

15 [(d)] (B) Within 30 days of any transfer of [improvements located] A
16 LEASEHOLD INTEREST on property subject to a ground [rent] LEASE, the leasehold
17 tenant shall notify the ground lease holder of the transfer. The notification shall include
18 the name and address of the transferee, and date of transfer.

19 [(e)] (C) A leasehold tenant shall send notice under this section to the last
20 known address of the ground lease holder.

21 [14-116.1.] 8-809.

22 (a) [(1)] In this section the following words have the meanings indicated.

23 (2) "Ground lease" means a residential lease or sublease for a term of years
24 renewable forever subject to the payment of a periodic ground rent.

25 (3) (i) "Ground lease holder" means the holder of the reversionary
26 interest under a ground lease.

27 (ii) "Ground lease holder" includes an agent of the ground lease
28 holder.

29 (4) "Ground rent" means a rent issuing out of, or collectible in connection
30 with, the reversionary interest under a ground lease.

1 (5) “Leasehold interest” means the tenancy in real property created under
2 a ground lease.

3 (6) “Leasehold tenant” means the holder of the leasehold interest under a
4 ground lease.

5 (b) (1) This section applies to residential property that was or is used, intended
6 to be used, or authorized to be used for four or fewer dwelling units.

7 (2) This section does not apply to property:

8 (i) Leased for business, commercial, manufacturing, mercantile, or
9 industrial purposes, or any other purpose that is not primarily residential;

10 (ii) Improved or to be improved by any apartment, condominium,
11 cooperative, or other building for multifamily use of greater than four dwelling units; or

12 (iii) Leased for dwellings or mobile homes that are erected or placed
13 in a mobile home development or mobile home park.

14 (c)] A ground lease holder may not collect a yearly or half-yearly installment
15 payment of a ground rent due under the ground lease unless:

16 (1) The ground lease is registered with the State Department of
17 Assessments and Taxation under Title 8, Subtitle 7 of this article; and

18 (2) At least 60 days before the payment is due, the ground lease holder
19 mails a bill to the last known address of the leasehold tenant and to the address of the
20 property subject to the ground lease.

21 [(d)] (B) The bill shall include a notice in boldface type, at least as large as 14
22 point, in substantially the following form:

23 “NOTICE REQUIRED BY MARYLAND LAW
24 REGARDING YOUR GROUND RENT

25 This property (address) is subject to a ground lease. The annual payment on the ground
26 lease (“ground rent”) is \$(dollar amount), payable in yearly or half-yearly installments on
27 (date or dates).

28 The next ground rent payment is due (day, month, year) in the amount of \$(dollar amount).

29 The payment of the ground rent should be sent to:

30 (name of ground lease holder)

31 (address)

32 (phone number)

1 NOTE REGARDING YOUR RIGHTS AND RESPONSIBILITIES UNDER MARYLAND
2 LAW:

3 The ground lease holder is required to register the ground lease with the State Department
4 of Assessments and Taxation and is prohibited from collecting ground rent payments unless
5 the ground lease is registered. If the ground lease is registered, as the owner of this
6 property, you are obligated to pay the ground rent to the ground lease holder. To determine
7 whether the ground lease is registered, you may check the Web site of the State Department
8 of Assessments and Taxation. It is also your responsibility to notify the ground lease holder
9 if you change your address or transfer ownership of the property.

10 If you fail to pay the ground rent on time, you are still responsible for paying the ground
11 rent. In addition, **IF** the ground lease holder [may take action] **FILES AN ACTION IN**
12 **COURT** to collect the past due ground rent, **YOU MAY BE REQUIRED TO PAY THE GROUND**
13 **LEASE HOLDER FOR FEES AND COSTS ASSOCIATED WITH THE COLLECTION OF THE**
14 **PAST DUE GROUND RENT. IN ADDITION, THE GROUND LEASE HOLDER MAY ALSO**
15 **FILE AN ACTION IN COURT TO TAKE POSSESSION OF THE PROPERTY**, which may result
16 **IN YOUR BEING RESPONSIBLE FOR ADDITIONAL FEES AND COSTS AND** ultimately in
17 your loss of the property. Please note that under Maryland law, a ground lease holder may
18 demand not more than 3 years of past due ground rent, **AND THERE ARE LIMITS ON HOW**
19 **MUCH A GROUND LEASE HOLDER MAY BE REIMBURSED FOR FEES AND COSTS.** If you
20 fail to pay the ground rent on time, you should contact a lawyer for advice.

21 As the owner of this property, you are entitled to redeem, or purchase, the ground lease
22 from the ground lease holder and obtain absolute ownership of the property. [The
23 redemption amount is fixed by law but may also be negotiated with the ground lease holder
24 for a different amount. For information on redeeming] **UNLESS YOU AND THE GROUND**
25 **LEASE HOLDER AGREE TO A LESSER AMOUNT, THE AMOUNT TO REDEEM YOUR**
26 **GROUND LEASE IS _____.** **IF YOU WISH TO REDEEM** the ground lease, contact the
27 ground lease holder. If the identity of the ground lease holder is unknown, the State
28 Department of Assessments and Taxation provides a process to redeem the ground lease
29 that may result in your obtaining absolute ownership of the property. If you would like to
30 obtain absolute ownership of this property, you should contact a lawyer for advice.”

31 **[14–116.2.] 8–810.**

32 (a) [(1) In this section the following words have the meanings indicated.

33 (2) “Ground lease” means a residential lease or sublease for a term of years
34 renewable forever subject to the payment of a periodic ground rent.

35 (3) (i) “Ground lease holder” means the holder of the reversionary
36 interest under a ground lease.

37 (ii) “Ground lease holder” includes an agent of the ground lease
38 holder.

1 (4) “Ground rent” means a rent issuing out of, or collectible in connection
2 with, the reversionary interest under a ground lease.

3 (5) “Leasehold tenant” means the holder of the leasehold interest under a
4 ground lease.

5 (6) “Redeemable ground rent” means a ground rent that may be redeemed
6 in accordance with § 8–110 of this article.

7 (b) (1) This section applies to residential property that is or was used, intended
8 to be used, or authorized to be used for four or fewer dwelling units.

9 (2) This section does not apply to property:

10 (i) Leased for business, commercial, manufacturing, mercantile, or
11 industrial purposes, or any other purpose that is not primarily residential;

12 (ii) Improved or to be improved by any apartment, condominium,
13 cooperative, or other building for multifamily use of greater than four dwelling units; or

14 (iii) Leased for dwellings or mobile homes that are erected or placed
15 in a mobile home development or mobile home park.

16 (c)] Within 30 days after any transfer of a ground lease, the transferee shall notify
17 the leasehold tenant of the transfer.

18 [(d)] (B) (1) The notification shall include the name and address of the new
19 ground lease holder and the date of the transfer.

20 (2) If the property is subject to a redeemable ground rent, the notification
21 shall also include the following notice:

22 “As the owner of the property subject to this ground lease, you are entitled to redeem,
23 or purchase, the ground lease from the ground lease holder and obtain absolute ownership
24 of the property. The redemption amount is fixed by law but may also be negotiated with
25 the ground lease holder for a different amount. For information on redeeming the ground
26 lease, contact the ground lease holder.”

27 [(e)] (C) A ground lease holder shall send notice under this section to the last
28 known address of the leasehold tenant.

29 14–117.

30 [(a) (1) (i) In this subsection the following words have the meanings
31 indicated.

1 (ii) “Ground lease” means a residential lease or sublease for a term
2 of years renewable forever subject to the payment of a periodic ground rent.

3 (iii) 1. “Ground lease holder” means the holder of the
4 reversionary interest under a ground lease.

5 2. “Ground lease holder” includes an agent of the ground
6 lease holder.

7 (iv) “Ground rent” means a rent issuing out of, or collectible in
8 connection with, the reversionary interest under a ground lease.

9 (v) “Leasehold interest” means the tenancy in real property created
10 under a ground lease.

11 (vi) “Leasehold tenant” means the holder of the leasehold interest
12 under a ground lease.

13 (2) (i) This subsection applies to residential property that was or is
14 used, intended to be used, or authorized to be used for four or fewer dwelling units.

15 (ii) This subsection does not apply to property:

16 1. Leased for business, commercial, manufacturing,
17 mercantile, or industrial purposes, or any other purpose that is not primarily residential;

18 2. Improved or to be improved by any apartment,
19 condominium, cooperative, or other building for multifamily use of greater than four
20 dwelling units; or

21 3. Leased for dwellings or mobile homes that are erected or
22 placed in a mobile home development or mobile home park.]

23 **8-811.**

24 [(3)] A contract for the sale of real property subject to a ground rent shall
25 contain the following notice in boldface type, at least as large as 14 point, in substantially
26 the following form:

27 “NOTICE REQUIRED BY MARYLAND LAW
28 REGARDING YOUR GROUND RENT

29 This property (address) is subject to a ground lease. The annual payment on the ground
30 lease (“ground rent”) is \$(dollar amount), payable in yearly or half-yearly installments on
31 (date or dates).

1 The next ground rent payment is due (day, month, year) in the amount of \$(dollar amount).

2 The payment of the ground rent should be sent to:

3 (name of ground lease holder)

4 (address)

5 (phone number)

6 NOTE REGARDING YOUR RIGHTS AND RESPONSIBILITIES UNDER MARYLAND
7 LAW:

8 As the owner of this property, you are obligated to pay the ground rent to the ground lease
9 holder. It is also your responsibility to notify the ground lease holder if you change your
10 address or transfer ownership of the property.

11 If you fail to pay the ground rent on time, you are still responsible for paying the ground
12 rent. In addition, IF the ground lease holder [may take action] FILES AN ACTION IN
13 COURT to collect the past due ground rent, YOU MAY BE REQUIRED TO PAY THE GROUND
14 LEASE HOLDER FOR FEES AND COSTS ASSOCIATED WITH THE COLLECTION OF THE
15 PAST DUE GROUND RENT. IN ADDITION, THE GROUND LEASE HOLDER MAY ALSO
16 FILE AN ACTION IN COURT TO TAKE POSSESSION OF THE PROPERTY, which may result
17 IN YOUR BEING RESPONSIBLE FOR ADDITIONAL FEES AND COSTS AND ultimately in
18 your loss of the property. Please note that under Maryland law, a ground lease holder may
19 demand not more than 3 years of past due ground rent, AND THERE ARE LIMITS ON HOW
20 MUCH A GROUND LEASE HOLDER MAY BE REIMBURSED FOR FEES AND COSTS. If you
21 fail to pay the ground rent on time, you should contact a lawyer for advice.

22 As the owner of this property, you are entitled to redeem, or purchase, the ground lease
23 from the ground lease holder and obtain absolute ownership of the property. The
24 redemption amount is fixed by law [but may also be negotiated with the ground lease holder
25 for a different amount. For information on redeeming] AS FOLLOWS:

26 (1) FOR A SUM EQUAL TO THE ANNUAL RENT RESERVED MULTIPLIED
27 BY:

28 (I) 25, WHICH IS CAPITALIZATION AT 4 PERCENT, IF THE LEASE
29 WAS EXECUTED FROM APRIL 8, 1884, TO APRIL 5, 1888, BOTH INCLUSIVE;

30 (II) 8.33, WHICH IS CAPITALIZATION AT 12 PERCENT, IF THE
31 LEASE WAS OR IS CREATED AFTER JULY 1, 1982; OR

32 (III) 16.66, WHICH IS CAPITALIZATION AT 6 PERCENT, IF THE
33 LEASE WAS CREATED AT ANY OTHER TIME;

34 (2) FOR A LESSER SUM IF SPECIFIED IN THE LEASE; OR

1 **(3) FOR A SUM TO WHICH THE PARTIES MAY AGREE AT THE TIME OF**
2 **REDEMPTION.**

3 **THE AMOUNT TO REDEEM YOUR GROUND LEASE IS _____.** **IF YOU WISH TO REDEEM**
4 the ground lease, contact the ground lease holder. If the identity of the ground lease holder
5 is unknown, the State Department of Assessments and Taxation provides a process to
6 redeem the ground lease that may result in your obtaining absolute ownership of the
7 property. If you would like to obtain absolute ownership of this property, you should contact
8 a lawyer for advice.”.

9 **[14–129.] 8–812.**

10 (a) This section does not apply to a:

- 11 (1) Home equity line of credit;
12 (2) Loan secured by an indemnity deed of trust; or
13 (3) Commercial loan.

14 (b) Before the settlement of a loan secured by a mortgage or deed of trust on
15 residential real property improved by four or fewer single–family units that is subject to a
16 redeemable ground rent, the settlement agent shall notify the borrower that:

- 17 (1) The borrower has the right to redeem the ground rent under [§ 8–110]
18 **§ 8–804** of this [article] **SUBTITLE**;
- 19 (2) The redemption amount is fixed by law but may also be negotiated with
20 the ground lease holder for a different amount;
- 21 (3) It may be possible to include the amount of the redemption in this loan;
- 22 (4) For information on redeeming the ground rent, the borrower should
23 contact the ground lease holder; and
- 24 (5) For information on including the amount of the redemption in this loan,
25 the borrower should contact the lender or credit grantor making this loan.

26 14–108.1.

27 (a) This section does not apply to:

- 28 (1) A grantee action under § 14–109 of this subtitle;

1 (2) A landlord–tenant action that is within the exclusive original
2 jurisdiction of the District Court;

3 (3) An action for nonpayment of ground rent under a ground lease on
4 residential property that is or was used, intended to be used, or authorized to be used for
5 four or fewer dwelling units; or

6 (4) An action for wrongful detainer under § 14–132 of this [article]
7 **SUBTITLE.**

8 (b) (1) A person who is not in possession of property and claims title and right
9 to possession may bring an action for possession against the person in possession of the
10 property.

11 (2) Encumbrance of property by a mortgage or deed of trust to secure a debt
12 does not prevent an action under this section by the owner of the property.

13 (c) When personal jurisdiction is not obtained over the defendant, the plaintiff
14 may obtain a default judgment under the Maryland Rules only on proof of title and right to
15 possession. The judgment shall be in rem for possession of the property. Entry and
16 enforcement of the judgment does not bar further pursuit, in the same or another action, of
17 the plaintiff's claim for mesne profits and damages.

18 SECTION 3. AND BE IT FURTHER ENACTED, That Section(s) 14–117(b) through
19 (l), respectively, of Article – Real Property of the Annotated Code of Maryland be
20 renumbered to be Section(s) 14–117(a) through (k), respectively.

21 SECTION 4. AND BE IT FURTHER ENACTED, That the State Department of
22 Assessments and Taxation shall develop and post on the Department's Web site a sample
23 notice for use in complying with the provisions of § 8–807(c) of the Real Property Article, as
24 enacted by Section 2 of this Act, that is in at least 14 point, bold font, and provides for the
25 inclusion of:

26 (1) an itemized bill for the amount of payment due;

27 (2) the amount necessary to cure the default, including late fees, interest,
28 ~~and collection costs~~ collection costs, and expenses as authorized under § 8–807(c)(3) of the
29 Real Property Article, as enacted by Section 2 of this Act;

30 (3) the name and address of the person to whom to send the payment due;

31 (4) the name and contact information of the person to contact for questions
32 about the notice;

33 (5) a statement that unless the default is cured in 60 days:

1 (i) the ground lease holder intends to file an action ~~to reenter~~ for
2 possession; and

3 (ii) the leasehold tenant may be liable for reimbursing the ground
4 lease holder for reasonable late fees, interest, ~~and collection costs~~ collection costs, and
5 expenses incurred in connection with the collection of past due ground rent and the filing
6 of an action ~~to reenter~~ for possession; and

7 (6) information about the Ground Rent Redemption Loan Program in the
8 Department of Housing and Community Development.

9 SECTION 5. AND BE IT FURTHER ENACTED, That Section(s) 8–402.2(d) and
10 8–402.3 of Article – Real Property of the Annotated Code of Maryland (2003 Replacement
11 Volume and 2006 Supplement) as in effect on June 30, 2007, be repealed.

12 SECTION 6. AND BE IT FURTHER ENACTED, That this Act shall take effect ~~June~~
13 July 1, 2015.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.