

# SENATE BILL 396

N1

(71r0862)

## ENROLLED BILL

— Judicial Proceedings / Environmental Matters —

Introduced by **Senators Gladden, Della, Conway, Jones, McFadden, and Pugh**  
**Pugh, Frosh, and Stone**

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.

\_\_\_\_\_  
President.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Ground Rents – ~~Remedy~~ Remedies for Nonpayment of Ground Rent**

3 FOR the purpose of ~~repealing~~ applying provisions of law authorizing a landlord under  
4 a ground lease to bring an action for ejection for nonpayment of ground rent to  
5 certain property; repealing provisions of law entitling the holder of a ground  
6 rent to reimbursement for certain expenses incurred in collecting past due  
7 ground rent and filing an action for ejection; providing that the establishment  
8 of a lien is the ~~sole~~ remedy for nonpayment of a ground rent on certain  
9 residential property; requiring a certain person seeking to impose a lien to give a  
10 certain notice to certain persons in a certain manner; authorizing a person to

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### 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 whom notice is given to file a certain complaint and request a hearing in a  
 2 certain circuit court; establishing procedures for imposing and releasing a lien;  
 3 authorizing the court to award costs and reasonable attorney's fees to the  
 4 prevailing party in a certain action; specifying the form for a statement of lien;  
 5 providing for the enforcement and foreclosure of a lien; providing for the  
 6 application, effect, and construction of certain provisions of this Act; clarifying  
 7 the application of certain provisions of law prohibiting the creation of certain  
 8 reversionary interests under certain ground leases or subleases; providing that  
 9 certain provisions of law authorizing a certain action for possession do not apply  
 10 to certain actions for nonpayment of ground rent; making certain conforming  
 11 changes; defining certain terms; and generally relating to remedies for  
 12 nonpayment of ground rent.

13 BY repealing

14 Article – Real Property  
 15 Section ~~8-402.2~~ and 8-402.3  
 16 Annotated Code of Maryland  
 17 (2003 Replacement Volume and 2006 Supplement)

18 BY adding to

19 Article – Real Property  
 20 Section ~~8-402.2~~ 8-402.3  
 21 Annotated Code of Maryland  
 22 (2003 Replacement Volume and 2006 Supplement)

23 BY repealing and reenacting, with amendments,

24 Article – Real Property  
 25 Section ~~8-402.2~~, 8-111.1, and 14-108.1  
 26 Annotated Code of Maryland  
 27 (2003 Replacement Volume and 2006 Supplement)

28 BY repealing and reenacting, with amendments,

29 Article – Real Property  
 30 Section 8-111.2  
 31 Annotated Code of Maryland  
 32 (As enacted by Chapter 1 of the Acts of the General Assembly of 2007)

33 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 34 MARYLAND, That the Laws of Maryland read as follows:

35 **Article – Real Property**

1 ~~§~~8-402.2.

2           (A)   (1)   THIS SECTION APPLIES TO PROPERTY:

3                           (I)   LEASED FOR BUSINESS, COMMERCIAL,  
4 MANUFACTURING, MERCANTILE, OR INDUSTRIAL PURPOSES, OR ANY OTHER  
5 PURPOSE THAT IS NOT PRIMARILY RESIDENTIAL;

6                           (II) IMPROVED OR TO BE IMPROVED BY ANY APARTMENT,  
7 CONDOMINIUM, COOPERATIVE, OR OTHER BUILDING FOR MULTIFAMILY USE OF  
8 GREATER THAN FOUR DWELLING UNITS; OR

9                           (III) LEASED FOR DWELLINGS OR MOBILE HOMES THAT ARE  
10 ERECTED OR PLACED IN A MOBILE HOME DEVELOPMENT OR MOBILE HOME PARK.

11                   (2)   THIS SECTION DOES NOT APPLY TO RESIDENTIAL PROPERTY  
12 THAT IS OR WAS USED, INTENDED TO BE USED, OR AUTHORIZED TO BE USED FOR  
13 FOUR OR FEWER DWELLING UNITS.

14           ~~(a)~~ (B) Whenever, in a case that involves a 99-year ground lease renewable  
15 forever, at least 6 months ground rent is in arrears and the landlord has the lawful  
16 right to reenter for the nonpayment of the rent, the landlord, no less than 45 days  
17 after sending to the tenant by certified mail, return receipt requested, at the tenant's  
18 last known address, and also by first class mail to the title agent or attorney listed on  
19 the deed to the property or the intake sheet recorded with the deed, a bill for the  
20 ground rent due, may bring an action for possession of the property under § 14-108.1  
21 of this article; if the tenant cannot be personally served or there is no tenant in actual  
22 possession of the property, service by posting notice on the property may be made in  
23 accordance with the Maryland Rules. Personal service or posting in accordance with  
24 the Maryland Rules shall stand in the place of a demand and reentry.

25           ~~(b)~~ (C) (1) Before entry of a judgment the landlord shall give written notice of  
26 the pending entry of judgment to each mortgagee of the lease, or any part of the lease,  
27 who before entry of the judgment has recorded in the land records of each county  
28 where the property is located a timely request for notice of judgment. A request for  
29 notice of judgment shall:

30                           (i) Be recorded in a separate docket or book that is indexed  
31 under the name of the mortgagor;

1 (ii) Identify the property on which the mortgage is held and  
2 refer to the date and recording reference of that mortgage;

3 (iii) State the name and address of the holder of the mortgage;  
4 and

5 (iv) Identify the ground lease by stating:

6 1. The name of the original lessor;

7 2. The date the ground lease was recorded; and

8 3. The office, docket or book, and page where the ground  
9 lease is recorded.

10 (2) The landlord shall mail the notice by certified mail return receipt  
11 requested to the mortgagee at the address stated in the recorded request for notice of  
12 judgment. If the notice is not given, judgment in favor of the landlord does not impair  
13 the lien of the mortgagee. Except as otherwise provided in subsection ~~(B)~~ (C) of this  
14 section, the property is discharged from the lease and the rights of all persons  
15 claiming under the lease are foreclosed unless, within 6 calendar months after  
16 execution of the judgment for possession, the tenant or any other person claiming  
17 under the lease:

18 (i) Pays the ground rent, arrears, and all costs awarded against  
19 that person; and

20 (ii) Commences a proceeding to obtain relief from the judgment.

21 ~~(B)~~ (D) This section does not bar the right of any mortgagee of the lease, or any  
22 part of the lease, who is not in possession at any time before expiration of 6 calendar  
23 months after execution of the judgment awarding the landlord possession, to pay all  
24 costs and damages sustained by the landlord and to perform all the covenants and  
25 agreements that are to be performed by the tenant.

26 [(d) Except as otherwise provided by law, a landlord may not receive  
27 reimbursement for any additional costs or expenses related to collection of the back  
28 rent unless the notice requirements of this section and § 8-402.3 of this subtitle are  
29 met.]

30 [8-402.3.

1           (a)    In this section, “ground rent” means a residential lease or sublease in  
2 effect on or after October 1, 2003, that has an initial term of 99 years renewable  
3 forever and creates a leasehold estate subject to the payment of semiannual  
4 installments of an annual lease amount.

5           (b)    (1)   A holder of a ground rent that is at least 6 months in arrears is  
6 entitled to reimbursement for actual expenses not exceeding \$500 incurred in the  
7 collection of that past due ground rent and in complying with the notice requirements  
8 under § 8–402.2(a) of this subtitle, including:

9                   (i)    Title abstract and examination fees;

10                  (ii)   Judgment report fees;

11                  (iii)  Photocopying and postage fees; and

12                  (iv)   Attorney’s fees.

13           (2)    Upon filing an action for ejectment, the plaintiff or holder of a  
14 ground rent is entitled to reimbursement for reasonable expenses incurred in the  
15 preparation and filing of the ejectment action, including:

16                   (i)    Filing fees and court costs;

17                   (ii)   Expenses incurred in the service of process or otherwise  
18 providing notice;

19                   (iii)  Title abstract and examination fees not included under  
20 paragraph (1) of this subsection, not exceeding \$300;

21                   (iv)   Reasonable attorney’s fees not exceeding \$700; and

22                   (v)    Taxes, including interest and penalties, that have been paid  
23 by the plaintiff or holder of a ground rent.

24           (c)    Except as provided in subsection (b) of this section or in § 8–402.2(c) of  
25 this subtitle, the plaintiff or holder of a ground rent is not entitled to reimbursement  
26 for any other expenses incurred in the collection of a ground rent.

27           (d)    (1)   The holder of a ground rent may not be reimbursed for expenses  
28 under subsection (b) of this section unless the holder sends the tenant as identified in  
29 the records of the State Department of Assessments and Taxation written notice at

1 least 30 days before taking any action in accordance with § 8–402.2(a) of this subtitle  
2 and § 14–108.1 of this article.

3 (2) The notice shall be in 14 point, bold font, and contain the following:

4 (i) The amount of the past due ground rent;

5 (ii) A statement that unless the past due ground rent is paid  
6 within 30 days, further action will be taken in accordance with § 8–402.2(a) of this  
7 subtitle and § 14–108.1 of this article and the tenant will be liable for the expenses  
8 and fees incurred in connection with the collection of the past due ground rent as  
9 provided in this section.

10 (3) The holder of the ground rent shall:

11 (i) Mail the notice by first class mail to the tenant’s last known  
12 address as shown in the records of the State Department of Assessments and  
13 Taxation; and

14 (ii) Obtain a certificate of mailing from the United States Postal  
15 Service.]

16 ~~§ 402.2.~~ 8–402.3.

17 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE  
18 MEANINGS INDICATED.

19 ~~(2) “GROUND LEASE” MEANS A RESIDENTIAL LEASE OR~~  
20 ~~SUBLEASE IN EFFECT ON OR AFTER FEBRUARY 5, 2007, THAT HAS AN INITIAL~~  
21 ~~TERM OF 99 YEARS RENEWABLE FOREVER AND IS SUBJECT TO THE PAYMENT OF~~  
22 ~~AN ANNUAL GROUND RENT.~~

23 ~~(3) “GROUND RENT” MEANS A RENT ISSUING OUT OF, OR~~  
24 ~~COLLECTIBLE IN CONNECTION WITH, THE REVERSION IN FEE SIMPLE RESERVED~~  
25 ~~IN A GROUND LEASE.~~

26 ~~(4) “LANDLORD” MEANS THE HOLDER OF THE REVERSIONARY~~  
27 ~~INTEREST UNDER A GROUND LEASE.~~

28 ~~(5) “TENANT” MEANS THE HOLDER OF THE LEASEHOLD~~  
29 ~~INTEREST UNDER A GROUND LEASE.~~

1           **(2) "GROUND LEASE" MEANS A RESIDENTIAL LEASE OR**  
2 **SUBLEASE FOR A TERM OF YEARS RENEWABLE FOREVER SUBJECT TO THE**  
3 **PAYMENT OF A PERIODIC GROUND RENT.**

4           **(3) (I) "GROUND LEASE HOLDER" MEANS THE HOLDER OF THE**  
5 **REVERSIONARY INTEREST UNDER A GROUND LEASE.**

6                       **(II) "GROUND LEASE HOLDER" INCLUDES AN AGENT OF THE**  
7 **GROUND LEASE HOLDER.**

8           **(4) "GROUND RENT" MEANS A RENT ISSUING OUT OF, OR**  
9 **COLLECTIBLE IN CONNECTION WITH, THE REVERSIONARY INTEREST UNDER A**  
10 **GROUND LEASE.**

11           **(5) "LEASEHOLD INTEREST" MEANS THE TENANCY IN REAL**  
12 **PROPERTY CREATED UNDER A GROUND LEASE.**

13           **(6) "LEASEHOLD TENANT" MEANS THE HOLDER OF THE**  
14 **LEASEHOLD INTEREST UNDER A GROUND LEASE.**

15           **(7) "PROPERTY" MEANS PROPERTY SUBJECT TO A GROUND**  
16 **LEASE AGAINST WHICH A LIEN IS INTENDED TO BE IMPOSED UNDER THIS**  
17 **SECTION.**

18           **(B) (1) THIS SECTION APPLIES TO RESIDENTIAL PROPERTY THAT IS**  
19 **OR WAS USED, INTENDED TO BE USED, OR AUTHORIZED TO BE USED FOR FOUR**  
20 **OR FEWER DWELLING UNITS.**

21           **(2) THIS SECTION DOES NOT APPLY TO PROPERTY:**

22                       **(I) LEASED FOR BUSINESS, COMMERCIAL,**  
23 **MANUFACTURING, MERCANTILE, OR INDUSTRIAL PURPOSES, OR ANY OTHER**  
24 **PURPOSE THAT IS NOT PRIMARILY RESIDENTIAL;**

25                       **(II) IMPROVED OR TO BE IMPROVED BY ANY APARTMENT,**  
26 **CONDOMINIUM, COOPERATIVE, OR OTHER BUILDING FOR MULTIFAMILY USE OF**  
27 **GREATER THAN FOUR DWELLING UNITS; OR**

1                   **(III) LEASED FOR DWELLINGS OR MOBILE HOMES THAT ARE**  
 2 **ERECTED OR PLACED IN A MOBILE HOME DEVELOPMENT OR MOBILE HOME**  
 3 **PARK.**

4           ~~(B)~~ **(C) (1) NOTWITHSTANDING ANY PROVISION OF A GROUND**  
 5 **LEASE GIVING THE ~~LANDLORD~~ GROUND LEASE HOLDER THE RIGHT TO**  
 6 **REENTER, THE ESTABLISHMENT OF A LIEN UNDER THIS SECTION IS THE ~~SOLE~~**  
 7 **REMEDY FOR NONPAYMENT OF A GROUND RENT.**

8                   **(2) THIS SECTION DOES NOT AFFECT THE RIGHT OF A GROUND**  
 9 **LEASE HOLDER TO BRING A CIVIL ACTION AGAINST THE LEASEHOLD TENANT**  
 10 **SEEKING A MONEY JUDGMENT FOR THE AMOUNT OF THE PAST DUE GROUND**  
 11 **RENT.**

12           ~~(C)~~ **(D) SUBJECT TO §§ 8-111 AND 8-111.1 OF THIS ARTICLE, IF A**  
 13 **GROUND RENT IS ~~AT LEAST UNPAID 6 MONTHS IN ARREARS~~ AFTER ITS DUE**  
 14 **DATE, THE ~~LANDLORD~~ GROUND LEASE HOLDER MAY OBTAIN A LIEN UNDER**  
 15 **THIS SECTION IN THE AMOUNT OF THE GROUND RENT DUE.**

16           ~~(D)~~ **(E) (1) A ~~LANDLORD~~ GROUND LEASE HOLDER SEEKING TO**  
 17 **CREATE A LIEN UNDER THIS SECTION SHALL GIVE WRITTEN NOTICE TO ~~THE~~:**

18                   **(I) THE LEASEHOLD TENANT ~~AGAINST WHOSE PROPERTY~~**  
 19 **~~THE LIEN IS INTENDED TO BE IMPOSED; AND~~**

20                   **(II) EACH MORTGAGEE OR TRUSTEE OF THE PROPERTY**  
 21 **WHOSE LIEN IS ON RECORD.**

22                   **(2) (I) NOTICE UNDER THIS SUBSECTION SHALL BE SERVED ON**  
 23 **THE LEASEHOLD TENANT BY:**

24                   ~~(I)~~ **1. CERTIFIED MAIL, RETURN RECEIPT REQUESTED,**  
 25 **ADDRESSED TO THE LEASEHOLD TENANT OR THE LEASEHOLD TENANT'S**  
 26 **SUCCESSOR IN INTEREST AT THE INDIVIDUAL'S CURRENT ADDRESS; OR**

27   **2. PERSONAL DELIVERY TO THE LEASEHOLD**  
 28 **TENANT OR THE LEASEHOLD TENANT'S SUCCESSOR IN INTEREST; ~~AND.~~**

29                   ~~(II)~~ **~~POSTING NOTICE IN A CONSPICUOUS MANNER ON THE~~**  
 30 **~~PROPERTY.~~**



1                   **(II) IF THE GROUND LEASE HOLDER IS UNABLE TO SERVE**  
 2 **THE LEASEHOLD TENANT UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH,**  
 3 **NOTICE UNDER THIS SUBSECTION SHALL BE GIVEN BY:**

4                   **1. MAILING THE NOTICE TO THE LEASEHOLD**  
 5 **TENANT'S LAST KNOWN ADDRESS; AND**

6                   **2. POSTING THE NOTICE IN A CONSPICUOUS**  
 7 **MANNER ON THE PROPERTY ON THE DOOR OR OTHER FRONT PART OF THE**  
 8 **PROPERTY BY THE GROUND LEASE HOLDER IN THE PRESENCE OF A COMPETENT**  
 9 **WITNESS.**

10                   **(III) NOTICE TO ANY MORTGAGEE OR TRUSTEE UNDER THIS**  
 11 **SUBSECTION SHALL BE GIVEN BY SENDING THE NOTICE BY CERTIFIED AND**  
 12 **FIRST CLASS MAIL TO THE MOST CURRENT ADDRESS FOR NOTICES AS SET**  
 13 **FORTH IN THE LAND RECORDS OR, IF NO SUCH ADDRESS IS CONTAINED IN THE**  
 14 **LAND RECORDS, TO THE MORTGAGEE'S OR TRUSTEE'S CURRENT ADDRESS.**

15                   ~~(E)~~ **(3) A NOTICE UNDER THIS SUBSECTION ~~(D) OF THIS SECTION~~**  
 16 **SHALL INCLUDE:**

17                   ~~(1)~~ **(I) THE NAME AND ADDRESS OF THE PARTY SEEKING TO**  
 18 **CREATE THE LIEN;**

19                   ~~(2)~~ **(II) A STATEMENT OF INTENT TO CREATE A LIEN;**

20                   ~~(3)~~ **(III) AN IDENTIFICATION OF THE GROUND LEASE;**

21                   ~~(4)~~ **(IV) THE AMOUNT OF GROUND RENT ALLEGED TO BE DUE;**

22                   ~~(5)~~ **(V) A DESCRIPTION OF THE PROPERTY ~~AGAINST WHICH~~**  
 23 **~~THE LIEN IS INTENDED TO BE IMPOSED~~ SUFFICIENT TO IDENTIFY THE**  
 24 **PROPERTY;**

25                   ~~(6)~~ **(VI) A STATEMENT THAT THE PARTY ~~AGAINST WHOSE~~**  
 26 **~~PROPERTY THE LIEN IS INTENDED TO BE IMPOSED~~ TO WHOM NOTICE IS GIVEN**  
 27 **UNDER THIS SUBSECTION HAS THE RIGHT TO OBJECT TO THE ESTABLISHMENT**  
 28 **OF A LIEN BY FILING A COMPLAINT IN THE CIRCUIT COURT AND THE RIGHT TO A**  
 29 **HEARING;**

1           ~~(7)~~ (VII) AN EXPLANATION OF THE PROCEDURE TO FILE A  
2 COMPLAINT AND REQUEST A HEARING; AND

3           ~~(8)~~ (VIII) A STATEMENT THAT, UNLESS THE PAST DUE GROUND  
4 RENT IS PAID OR A COMPLAINT IS FILED UNDER SUBSECTION (F) OF THIS  
5 SECTION WITHIN 45 DAYS AFTER THE NOTICE IS SERVED, A LIEN WILL BE  
6 IMPOSED ON THE PROPERTY.

7           (F) (1) A PARTY TO WHOM NOTICE IS GIVEN UNDER SUBSECTION ~~(D)~~  
8 (E) OF THIS SECTION MAY, WITHIN 45 DAYS AFTER THE NOTICE IS SERVED ON  
9 THE PARTY, FILE A COMPLAINT IN THE CIRCUIT COURT FOR THE COUNTY IN  
10 WHICH THE PROPERTY IS LOCATED TO DETERMINE WHETHER A LIEN SHOULD  
11 BE ESTABLISHED.

12           (2) A COMPLAINT FILED UNDER THIS SUBSECTION SHALL  
13 INCLUDE:

14           (I) THE NAME OF THE COMPLAINANT AND THE NAME OF  
15 THE PARTY SEEKING TO ESTABLISH THE LIEN;

16           (II) A COPY OF THE NOTICE SERVED UNDER SUBSECTION  
17 ~~(D)~~ (E) OF THIS SECTION; AND

18           (III) AN AFFIDAVIT CONTAINING A STATEMENT OF FACTS  
19 THAT WOULD PRECLUDE ESTABLISHMENT OF THE LIEN FOR THE ~~AMOUNT OF~~  
20 UNPAID GROUND RENT ALLEGED IN THE NOTICE.

21           (3) A PARTY FILING A COMPLAINT UNDER THIS SUBSECTION MAY  
22 REQUEST A HEARING AT WHICH ANY PARTY MAY APPEAR TO PRESENT  
23 EVIDENCE.

24           (G) IF A COMPLAINT IS FILED, THE PARTY SEEKING TO ESTABLISH THE  
25 LIEN HAS THE BURDEN OF PROOF.

26           ~~(H) THE CLERK OF THE CIRCUIT COURT SHALL DOCKET THE~~  
27 ~~PROCEEDINGS UNDER THIS SECTION, AND ALL PROCESS SHALL ISSUE OUT OF~~  
28 ~~AND ALL PLEADINGS SHALL BE FILED IN A SINGLE ACTION.~~

1           ~~(H)~~ **(H)**       **BEFORE ANY HEARING HELD UNDER SUBSECTION (F) OF THIS**  
 2 **SECTION, THE PARTY SEEKING TO ESTABLISH A LIEN MAY SUPPLEMENT, BY**  
 3 **MEANS OF AN AFFIDAVIT, ANY INFORMATION CONTAINED IN THE NOTICE GIVEN**  
 4 **UNDER SUBSECTION ~~(D)~~ (E) OF THIS SECTION.**

5           ~~(J)~~ **(I)**       **IF A COMPLAINT IS FILED UNDER SUBSECTION (F) OF THIS**  
 6 **SECTION, THE COURT SHALL REVIEW ANY PLEADINGS FILED, INCLUDING ANY**  
 7 **SUPPLEMENTARY AFFIDAVIT FILED UNDER SUBSECTION ~~(H)~~ (H) OF THIS**  
 8 **SECTION, AND SHALL CONDUCT A HEARING IF REQUESTED UNDER SUBSECTION**  
 9 **(F)(3) OF THIS SECTION.**

10          ~~(K)~~ **(J)**       **(1) IF THE COURT DETERMINES THAT A LIEN SHOULD BE**  
 11 **ESTABLISHED, IT SHALL ENTER AN ORDER FINDING THE AMOUNT OF GROUND**  
 12 **RENT DUE AND IMPOSING A LIEN ON THE PROPERTY IDENTIFIED IN THE NOTICE**  
 13 **UNDER SUBSECTION (E) OF THIS SECTION.**

14           **(2) IF THE COURT DETERMINES THAT A LIEN SHOULD NOT BE**  
 15 **ESTABLISHED, IT SHALL ENTER AN ORDER DENYING A LIEN.**

16          ~~(3) (I) SUBJECT TO SUBPARAGRAPH (H) OF THIS PARAGRAPH,~~  
 17 ~~THE COURT MAY AWARD COSTS AND REASONABLE ATTORNEY'S FEES TO THE~~  
 18 ~~PREVAILING PARTY IN AN ACTION UNDER THIS SECTION.~~

19          ~~(H) IF THE LANDLORD IS THE PREVAILING PARTY, AN~~  
 20 ~~AWARD OF COSTS AND REASONABLE ATTORNEY'S FEES MAY NOT EXCEED \$500.~~

21          **(3) THE COURT MAY AWARD TO THE PREVAILING PARTY IN AN**  
 22 **ACTION UNDER THIS SECTION:**

23           **(I) COURT COSTS; AND**

24           **(II) REASONABLE EXPENSES AND ATTORNEY'S FEES NOT**  
 25 **EXCEEDING \$500.**

26          ~~(4) (K)~~       **(1) (I) THE IF A COMPLAINT WAS FILED UNDER**  
 27 **SUBSECTION (F) OF THIS SECTION, THE AMOUNT OF THE LIEN SHALL BE FOR**  
 28 **THE GROUND RENT FOUND BY THE COURT TO BE DUE AND ANY COSTS,**  
 29 **EXPENSES, AND ATTORNEY'S FEES AWARDED BY THE COURT.**

1                    (II) IF A COMPLAINT WAS NOT FILED UNDER SUBSECTION  
 2 (F) OF THIS SECTION AND THE PAST DUE GROUND RENT WAS NOT PAID, THE  
 3 AMOUNT OF THE LIEN SHALL BE FOR THE AMOUNT ALLEGED TO BE DUE IN THE  
 4 NOTICE UNDER SUBSECTION (E) OF THIS SECTION AND REASONABLE EXPENSES  
 5 AND ATTORNEY'S FEES NOT EXCEEDING \$150.

6                    ~~(H) (2)~~        THE AMOUNT OF THE LIEN SHALL INCREASE  
 7 ~~ANNUALLY~~ BY THE AMOUNT OF GROUND RENT ~~DUE~~ ACCRUING AFTER THE  
 8 FILING OF THE STATEMENT OF LIEN IN THE LAND RECORDS PLUS SIMPLE  
 9 INTEREST AT THE RATE PRESCRIBED BY LAW ACCRUING FROM THE DATE OF  
 10 ~~ENTRY OF THE JUDGMENT~~ THE FILING OF THE STATEMENT OF LIEN IN THE  
 11 LAND RECORDS.

12                    ~~(5) AN ORDER IMPOSING A LIEN SHALL STATE THAT THE OWNER~~  
 13 ~~OF THE PROPERTY AGAINST WHICH THE LIEN IS IMPOSED MAY FILE A BOND IN A~~  
 14 ~~SPECIFIED AMOUNT TO HAVE THE LIEN AGAINST THE PROPERTY RELEASED.~~

15                    (L) (1) IF THE COURT ORDERS A LIEN TO BE IMPOSED UNDER  
 16 SUBSECTION ~~(K)~~ (J) OF THIS SECTION, OR IF THE ~~OWNER~~ LEASEHOLD TENANT  
 17 OR ANY MORTGAGEE OF THE PROPERTY ~~AGAINST WHICH A LIEN IS INTENDED~~  
 18 ~~TO BE IMPOSED~~ FAILS TO PAY THE ~~PAST DUE GROUND RENT~~ AMOUNT OF THE  
 19 LIEN UNDER SUBSECTION (K)(1)(II) OF THIS SECTION OR FILE A COMPLAINT  
 20 UNDER SUBSECTION (F) OF THIS SECTION, THE ~~PARTY SEEKING TO CREATE THE~~  
 21 ~~LIEN~~ GROUND LEASE HOLDER MAY FILE A STATEMENT OF LIEN IN THE LAND  
 22 RECORDS OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED.

23                    ~~(2) THE PARTY SEEKING TO CREATE THE LIEN MAY FILE THE~~  
 24 ~~LIEN STATEMENT IN THE COUNTY LAND RECORDS;~~

25                    ~~(I) IF A COMPLAINT WAS FILED UNDER SUBSECTION (F) OF~~  
 26 ~~THIS SECTION, AFTER THE DATE OF ENTRY OF A FINAL NONAPPEALABLE~~  
 27 ~~JUDGMENT IMPOSING A LIEN, UNLESS BEFORE THE JUDGMENT BECOMES~~  
 28 ~~FINAL, THE OWNER OF THE PROPERTY AGAINST WHICH THE LIEN IS IMPOSED~~  
 29 ~~PAYS THE AMOUNT OF THE GROUND RENT FOUND BY THE COURT TO BE DUE~~  
 30 ~~AND ANY COSTS AND ATTORNEY'S FEES AWARDED BY THE COURT; OR~~

31                    ~~(H) IF A COMPLAINT WAS NOT FILED UNDER SUBSECTION~~  
 32 ~~(F) OF THIS SECTION OR THE PAST DUE GROUND RENT WAS NOT PAID, 45 DAYS~~  
 33 ~~AFTER THE OWNER WAS SERVED UNDER SUBSECTION (D)(2)(I) OF THIS~~  
 34 ~~SECTION.~~

1 ~~(3) UNLESS THE PARTY SEEKING TO CREATE THE LIEN AND THE~~  
2 ~~OWNER OF THE PROPERTY AGREE OTHERWISE, IF THE PARTY SEEKING TO~~  
3 ~~CREATE THE LIEN FAILS TO FILE THE LIEN STATEMENT WITHIN THE~~  
4 ~~APPLICABLE TIME PERIOD DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION,~~  
5 ~~THE PARTY SEEKING TO CREATE THE LIEN:~~

6 ~~(I) MAY NOT FILE THE LIEN STATEMENT IN THE COUNTY~~  
7 ~~LAND RECORDS; AND~~

8 ~~(II) MAY FILE FOR A NEW LIEN BY COMPLYING WITH THE~~  
9 ~~REQUIREMENTS OF THIS SECTION.~~

10 ~~(4) (2) A LIEN IMPOSED UNDER THIS SUBTITLE HAS PRIORITY~~  
11 ~~FROM THE DATE THE STATEMENT OF LIEN IS FILED~~ GROUND LEASE WAS  
12 CREATED.

13 (M) A STATEMENT OF LIEN IS SUFFICIENT FOR PURPOSES OF THIS  
14 SECTION IF IT IS IN SUBSTANTIALLY THE FOLLOWING FORM:

15 "STATEMENT OF LIEN

16 THIS IS TO CERTIFY THAT THE PROPERTY DESCRIBED AS \_\_\_\_\_ IS  
17 SUBJECT TO A LIEN UNDER ~~§ 8-402.2~~ § 8-402.3 OF THE REAL PROPERTY  
18 ARTICLE, ANNOTATED CODE OF MARYLAND, IN THE AMOUNT OF \$\_\_\_\_\_.  
19 THE PROPERTY IS OWNED BY \_\_\_\_\_.

20 I HEREBY AFFIRM UNDER THE PENALTY OF PERJURY THAT NOTICE WAS  
21 GIVEN UNDER ~~§ 8-402.2(D)~~ ~~§ 8-402.2(E)~~ § 8-402.3(E) OF THE REAL PROPERTY  
22 ARTICLE ON \_\_\_\_\_, AND THAT THE INFORMATION CONTAINED IN THE  
23 FOREGOING STATEMENT OF LIEN IS TRUE AND CORRECT TO THE BEST OF MY  
24 KNOWLEDGE, INFORMATION, AND BELIEF.

25 \_\_\_\_\_

26 (NAME OF PARTY CLAIMING LIEN)".

27 ~~(N) IF A BOND IS FILED IN THE AMOUNT SPECIFIED BY THE COURT~~  
28 ~~UNDER SUBSECTION (K)(5) OF THIS SECTION, THE CLERK OF THE CIRCUIT~~  
29 ~~COURT SHALL ENTER A NOTATION IN THE LAND RECORDS RELEASING THE LIEN.~~

1        ~~(O)~~ (N)        (1) A LIEN UNDER THIS SECTION MAY BE ENFORCED AND  
 2 FORECLOSED BY THE PARTY WHO OBTAINED THE LIEN IN THE SAME MANNER  
 3 AND SUBJECT TO THE SAME REQUIREMENTS, AS THE FORECLOSURE OF A  
 4 MORTGAGE OR DEED OF TRUST CONTAINING NEITHER A POWER OF SALE NOR  
 5 AN ASSENT TO DECREE.

6                    (2) A FORECLOSURE SALE MAY NOT BE MADE IF, AT ANY TIME  
 7 BEFORE THE SALE, THE LIEN IS SATISFIED AND THE COSTS OF GIVING NOTICE  
 8 OF THE SALE ARE PAID.

9                    (3) IF THE PROPERTY SUBJECT TO THE LIEN IS SOLD AT A  
 10 FORECLOSURE SALE, THE ~~LANDLORD~~ GROUND LEASE HOLDER SHALL BE PAID  
 11 OUT OF THE PROCEEDS OF THE SALE ~~THE GREATER OF~~ :

12                    (I) FOR A REDEEMABLE GROUND RENT, THE AMOUNT OF  
 13 THE LIEN ~~OR~~ AND THE REDEMPTION AMOUNT ~~CALCULATED~~ UNDER  
 14 ~~§ 8-110(B)(2)(I)~~ § 8-110(B)(2) OF THIS TITLE AND THE PURCHASER SHALL TAKE  
 15 TITLE TO THE PROPERTY FREE AND CLEAR OF THE GROUND LEASE; AND

16                    (II) FOR AN IRREDEEMABLE GROUND RENT, THE AMOUNT  
 17 OF THE LIEN AND THE PURCHASER SHALL TAKE TITLE TO THE PROPERTY  
 18 SUBJECT TO THE GROUND LEASE.

19        ~~(P)~~ (O)        IF THE LIENHOLDER CANNOT BE LOCATED, THE LIEN MAY BE  
 20 SATISFIED AND THE REDEEMABLE GROUND RENT REDEEMED IN ACCORDANCE  
 21 WITH § 8-110(G) OF THIS TITLE BY PAYING ~~THE GREATER OF~~ THE AMOUNT OF  
 22 THE LIEN ~~OR~~ AND THE AMOUNT SET FORTH IN § 8-110(G)(4) OF THIS TITLE.

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

### 25                    Article - Real Property

26        8-111.1.

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

1 (b) In any suit, action, or proceeding by a landlord, or the transferee of the  
 2 reversion in leased property, to recover back rent, the landlord, or the transferee of the  
 3 reversion in leased property is entitled to demand or recover not more than 3 years  
 4 back rent.

5 ~~(c) In addition to rent payable under subsection (b) of this section, a landlord~~  
 6 ~~may not receive reimbursement for any additional costs or expenses related to~~  
 7 ~~collection of the back rent [unless the notice requirements of §§ 8-402.2 and 8-402.3 of~~  
 8 ~~this title are met].~~

9 8-111.2.

10 (A) **THIS SECTION DOES NOT APPLY TO PROPERTY:**

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

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

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

19 (B) On or after January 22, 2007, the owner of a fee simple or leasehold estate  
 20 in residential property that is **OR WAS** used, intended to be used, or authorized to be  
 21 used for four or fewer dwelling units may not create a reversionary interest in the  
 22 property under a ground lease or a ground sublease for a term of years renewable  
 23 forever subject to the payment of a periodic ground rent.

24 14-108.1.

25 (a) This section does not apply to:

26 (1) A grantee action under § 14-109 of this subtitle; [or]

27 (2) A landlord-tenant action that is within the exclusive original  
 28 jurisdiction of the District Court; **OR**

1                   **(3) AN ACTION FOR NONPAYMENT OF GROUND RENT UNDER A**  
 2 **GROUND LEASE ON RESIDENTIAL PROPERTY THAT IS OR WAS USED, INTENDED**  
 3 **TO BE USED, OR AUTHORIZED TO BE USED FOR FOUR OF FEWER DWELLING**  
 4 **UNITS.**

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

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

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

15          SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
 16 July 1, 2007.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.