

# SENATE BILL 396

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71r0862  
CF HB 463

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By: **Senators Gladden, Della, Conway, Jones, McFadden, and ~~Pugh~~ Pugh, Frosh, and Stone**

Introduced and read first time: February 2, 2007

Assigned to: Judicial Proceedings

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 21, 2007

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

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

3 FOR the purpose of repealing provisions of law authorizing a landlord under a ground  
4 lease to bring an action for ejectment for nonpayment of ground rent; repealing  
5 provisions of law entitling the holder of a ground rent to reimbursement for  
6 certain expenses incurred in collecting past due ground rent and filing an action  
7 for ejectment; providing that the establishment of a lien is the ~~sole~~ remedy for  
8 nonpayment of a ground rent; requiring a certain person seeking to impose a  
9 lien to give a certain notice to certain persons in a certain manner; authorizing  
10 a person to whom notice is given to file a certain complaint and request a  
11 hearing in a certain circuit court; establishing procedures for imposing and  
12 releasing a lien; authorizing the court to award costs and reasonable attorney's  
13 fees to the prevailing party in a certain action; specifying the form for a  
14 statement of lien; providing for the enforcement and foreclosure of a lien;  
15 providing for the application and construction of certain provisions of this Act;  
16 making certain conforming changes; defining certain terms; and generally  
17 relating to remedies for nonpayment of ground rent.

18 BY repealing

19 Article – Real Property

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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.



1 Section 8–402.2 and 8–402.3  
2 Annotated Code of Maryland  
3 (2003 Replacement Volume and 2006 Supplement)

4 BY adding to  
5 Article – Real Property  
6 Section 8–402.2  
7 Annotated Code of Maryland  
8 (2003 Replacement Volume and 2006 Supplement)

9 BY repealing and reenacting, with amendments,  
10 Article – Real Property  
11 Section 8–111.1 and 14–108.1  
12 Annotated Code of Maryland  
13 (2003 Replacement Volume and 2006 Supplement)

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

16 **Article – Real Property**

17 [8–402.2.

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

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

34 (i) Be recorded in a separate docket or book that is indexed  
35 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) 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 (c) 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 **8-402.2.**

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 (II) 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           ~~(II) 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.

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

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

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

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

30                    ~~(H) IF A COMPLAINT WAS NOT FILED UNDER SUBSECTION~~  
31 ~~(F) OF THIS SECTION OR THE PAST DUE GROUND RENT WAS NOT PAID, 45 DAYS~~  
32 ~~AFTER THE OWNER WAS SERVED UNDER SUBSECTION (D)(2)(I) OF THIS~~  
33 ~~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 OF THE REAL PROPERTY ARTICLE,  
 18 ANNOTATED CODE OF MARYLAND, IN THE AMOUNT OF \$\_\_\_\_\_. THE  
 19 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) OF THE REAL PROPERTY ARTICLE ON  
 22 \_\_\_\_\_, AND THAT THE INFORMATION CONTAINED IN THE FOREGOING  
 23 STATEMENT OF LIEN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE,  
 24 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       ~~(P)~~ (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~~ THE AMOUNT OF THE  
12 LIEN ~~OR~~ AND THE REDEMPTION AMOUNT ~~CALCULATED UNDER § 8-110(B)(2)(I)~~  
13 § 8-110(B)(2) OF THIS TITLE AND THE PURCHASER SHALL TAKE TITLE TO THE  
14 PROPERTY FREE AND CLEAR OF THE GROUND LEASE.

15       ~~(P)~~ (O)       IF THE LIENHOLDER CANNOT BE LOCATED, THE LIEN MAY BE  
16 SATISFIED AND THE GROUND RENT REDEEMED IN ACCORDANCE WITH §  
17 8-110(G) OF THIS TITLE BY PAYING ~~THE GREATER OF~~ THE AMOUNT OF THE LIEN  
18 ~~OR~~ AND THE AMOUNT SET FORTH IN § 8-110(G)(4) OF THIS TITLE.

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

21                               Article - Real Property

22       8-111.1.

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

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

31       (c) In addition to rent payable under subsection (b) of this section, a landlord  
32 may not receive reimbursement for any additional costs or expenses related to

1 collection of the back rent [unless the notice requirements of §§ 8–402.2 and 8–402.3 of  
2 this title are met].

3 14–108.1.

4 (a) This section does not apply to:

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

6 (2) A landlord–tenant action that is within the exclusive original  
7 jurisdiction of the District Court; **OR**

8 **(3) AN ACTION FOR NONPAYMENT OF GROUND RENT.**

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

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

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

19 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
20 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.