

SENATE BILL 755

N1, L2

71r2463
CF HB 458

By: **Senator Gladden**

Introduced and read first time: February 12, 2007

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Ground Rents – Property Owned by Baltimore City – Reimbursement for**
3 **Expenses – Notices**

4 FOR the purpose of providing that in any suit, action, or proceeding to recover back
5 rent, a ground rent landlord may only recover not more than a certain amount
6 of back rent if the property is owned by Baltimore City and is abandoned or
7 distressed under certain circumstances; authorizing a ground rent landlord of
8 property that is owned by Baltimore City and is abandoned or distressed to
9 request the Mayor and City Council of Baltimore to acquire the reversionary
10 interest under the ground rent for a certain value under certain circumstances;
11 prohibiting the application of a certain provision regarding reimbursement of a
12 ground rent holder's expenses to collect a ground rent on property that is owned
13 by Baltimore City and is abandoned or distressed under certain circumstances;
14 establishing a certain Baltimore City office as the recipient of certain bills,
15 notices, or other documents sent with regard to any property owned by
16 Baltimore City that is subject to a ground rent; and generally relating to
17 property owned by Baltimore City that is subject to a ground rent.

18 BY repealing and reenacting, with amendments,
19 Article – Real Property
20 Section 8–111.1 and 8–402.3
21 Annotated Code of Maryland
22 (2003 Replacement Volume and 2006 Supplement)

23 BY adding to
24 Article – Real Property

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 14-115.1
2 Annotated Code of Maryland
3 (2003 Replacement Volume and 2006 Supplement)

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

6 **Article - Real Property**

7 8-111.1.

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

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

16 (c) **[In] EXCEPT AS PROVIDED UNDER SUBSECTION (D) OF THIS**
17 **SECTION, IN** addition to rent payable under subsection (b) of this section, a landlord
18 may not receive reimbursement for any additional costs or expenses related to
19 collection of the back rent unless the notice requirements of §§ 8-402.2 and 8-402.3 of
20 this title are met.

21 **(D) (1) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, IN ANY**
22 **SUIT, ACTION, OR PROCEEDING TO RECOVER BACK RENT, A LANDLORD OR**
23 **HOLDER OF A GROUND RENT MAY ONLY RECOVER NOT MORE THAN 3 YEARS**
24 **BACK RENT IF THE PROPERTY IS:**

25 **(I) OWNED OR ACQUIRED BY ANY MEANS BY THE MAYOR**
26 **AND CITY COUNCIL OF BALTIMORE; AND**

27 **(II) ABANDONED PROPERTY, AS DEFINED IN § 21-17(A)(2)**
28 **OF THE PUBLIC LOCAL LAWS OF BALTIMORE CITY, OR DISTRESSED PROPERTY,**
29 **AS DEFINED IN § 21-17(A)(3) OF THE PUBLIC LOCAL LAWS OF BALTIMORE**
30 **CITY.**

1 **(2) WITH REGARD TO PROPERTY DESCRIBED UNDER PARAGRAPH**
2 **(1) OF THIS SUBSECTION, A LANDLORD MAY REQUEST IN WRITING THAT THE**
3 **MAYOR AND CITY COUNCIL OF BALTIMORE ACQUIRE THE REVERSIONARY**
4 **INTEREST UNDER THE GROUND RENT FOR THE MARKET VALUE ESTABLISHED**
5 **AT THE TIME OF THE ACQUISITION BY THE MAYOR AND CITY COUNCIL OF THE**
6 **LEASEHOLD INTEREST UNDER THE GROUND RENT.**

7 8–402.3.

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

12 **(B) THIS SECTION DOES NOT APPLY TO A GROUND RENT ON PROPERTY**
13 **THAT IS:**

14 **(1) OWNED OR ACQUIRED BY ANY MEANS BY THE MAYOR AND**
15 **CITY COUNCIL OF BALTIMORE; AND**

16 **(2) ABANDONED PROPERTY, AS DEFINED IN § 21–17(A)(2) OF THE**
17 **PUBLIC LOCAL LAWS OF BALTIMORE CITY, OR DISTRESSED PROPERTY, AS**
18 **DEFINED IN § 21–17(A)(3) OF THE PUBLIC LOCAL LAWS OF BALTIMORE CITY.**

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

23 (i) Title abstract and examination fees;

24 (ii) Judgment report fees;

25 (iii) Photocopying and postage fees; and

26 (iv) Attorney’s fees.

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

- 1 (i) Filing fees and court costs;
- 2 (ii) Expenses incurred in the service of process or otherwise
3 providing notice;
- 4 (iii) Title abstract and examination fees not included under
5 paragraph (1) of this subsection, not exceeding \$300;
- 6 (iv) Reasonable attorney's fees not exceeding \$700; and
- 7 (v) Taxes, including interest and penalties, that have been paid
8 by the plaintiff or holder of a ground rent.

9 [(c)] (D) Except as provided in subsection [(b)] (C) of this section or in
10 § 8-402.2(c) of this subtitle, the plaintiff or holder of a ground rent is not entitled to
11 reimbursement for any other expenses incurred in the collection of a ground rent.

12 [(d)] (E) (1) The holder of a ground rent may not be reimbursed for
13 expenses under subsection [(b)] (C) of this section unless the holder sends the tenant
14 as identified in the records of the State Department of Assessments and Taxation
15 written notice at least 30 days before taking any action in accordance with
16 § 8-402.2(a) of this subtitle and § 14-108.1 of this article.

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

- 18 (i) The amount of the past due ground rent;
- 19 (ii) A statement that unless the past due ground rent is paid
20 within 30 days, further action will be taken in accordance with § 8-402.2(a) of this
21 subtitle and § 14-108.1 of this article and the tenant will be liable for the expenses
22 and fees incurred in connection with the collection of the past due ground rent as
23 provided in this section.

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

- 25 (i) Mail the notice by first class mail to the tenant's last known
26 address as shown in the records of the State Department of Assessments and
27 Taxation; and
- 28 (ii) Obtain a certificate of mailing from the United States Postal
29 Service.

1 14-115.1.

2 WITH REGARD TO ANY PROPERTY OWNED OR ACQUIRED BY ANY MEANS
3 BY THE MAYOR AND CITY COUNCIL OF BALTIMORE THAT IS SUBJECT TO A
4 GROUND RENT, ANY BILL, NOTICE, OR OTHER DOCUMENT FOR LEGAL OR OTHER
5 ACTION SHALL BE SENT TO THE SUPERVISOR OF ASSET MANAGEMENT,
6 BALTIMORE CITY DEPARTMENT OF HOUSING AND COMMUNITY
7 DEVELOPMENT.

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 October 1, 2007.