

SENATE BILL 755

N1, L2

71r2463
CF HB 458

By: **Senator Gladden**

Introduced and read first time: February 12, 2007

Assigned to: Rules

Re-referred to: Judicial Proceedings, February 16, 2007

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 20, 2007

CHAPTER _____

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

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 8–111.1 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 14–115.1
 7 Annotated Code of Maryland
 8 (2003 Replacement Volume and 2006 Supplement)

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

11 **Article – Real Property**

12 8–111.1.

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

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

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

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

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

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

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

11 8-402.3.

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

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

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

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

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

27 (i) Title abstract and examination fees;

28 (ii) Judgment report fees;

29 (iii) Photocopying and postage fees; and

30 (iv) Attorney’s fees.

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

4 (i) Filing fees and court costs;

5 (ii) Expenses incurred in the service of process or otherwise
6 providing notice;

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

9 (iv) Reasonable attorney's fees not exceeding \$700; and

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

12 [(c)] (D) Except as provided in subsection [(b)] (C) of this section or in
13 § 8–402.2(c) of this subtitle, the plaintiff or holder of a ground rent is not entitled to
14 reimbursement for any other expenses incurred in the collection of a ground rent.

15 [(d)] (E) (1) The holder of a ground rent may not be reimbursed for
16 expenses under subsection [(b)] (C) of this section unless the holder sends the tenant
17 as identified in the records of the State Department of Assessments and Taxation
18 written notice at least 30 days before taking any action in accordance with
19 § 8–402.2(a) of this subtitle and § 14–108.1 of this article.

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

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

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

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

1 (i) Mail the notice by first class mail to the tenant's last known
2 address as shown in the records of the State Department of Assessments and
3 Taxation; and

4 (ii) Obtain a certificate of mailing from the United States Postal
5 Service.

6 **14-115.1.**

7 **WITH REGARD TO ANY PROPERTY OWNED OR ACQUIRED BY ANY MEANS**
8 **BY THE MAYOR AND CITY COUNCIL OF BALTIMORE THAT IS SUBJECT TO A**
9 **GROUND RENT, ANY BILL, NOTICE, OR OTHER DOCUMENT FOR LEGAL OR OTHER**
10 **ACTION SHALL BE SENT TO THE ~~SUPERVISOR OF ASSET MANAGEMENT~~**
11 **DIRECTOR, BALTIMORE CITY DEPARTMENT OF HOUSING AND COMMUNITY**
12 **DEVELOPMENT FINANCE.**

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 ~~October~~ July 1, 2007.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.