HOUSE BILL 95

N1 (7lr0412)

ENROLLED BILL

— Environmental Matters / Judicial Proceedings —

Introduced by **Delegates Hixson, Hucker, and Mizeur**

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 _____

AN ACT concerning

Condominiums – Conversion of Rental Facilities – Notice Requirements

FOR the purpose of providing that~~, in a conversion of rental facilities to condominiums, if a tenant who is entitled to receive a purchase offer does not receive the purchase offer at the same time as the tenant receives the notice of conversion, then a certain time period of continued residency~~ *if a certain offer of the right to purchase rental property being converted to a condominium is not given to a tenant concurrently with the required notice of intent to create a condominium, the period in which the tenant is entitled to remain in the tenant's residence* does not begin until the tenant receives the purchase offer; requiring that ~~a certain~~ *the* written notice *of conversion* given to a ~~certain~~ tenant include

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.

certain language relating to the time ~~frame a~~ *period during which the* tenant may remain ~~in a~~ *in the tenant's* residence if a purchase offer is not included with ~~a~~ *the* notice of conversion; *providing that a purchase offer shall be considered to have been given to a tenant if delivered or mailed in a certain manner;* and generally relating to notice requirements for the conversion of rental facilities to condominiums.

BY repealing and reenacting, with amendments,
Article – Real Property
Section 11–102.1(a), (b), and (f) and 11–136(a)
Annotated Code of Maryland
(2003 Replacement Volume and 2006 Supplement)

~~BY repealing and reenacting, without amendments,~~
~~Article – Real Property~~
~~Section 11–102.1(b)~~
~~Annotated Code of Maryland~~
~~(2003 Replacement Volume and 2006 Supplement)~~

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

Article – Real Property

11–102.1.

(a) (1) **(I)** Before a residential rental facility is subjected to a condominium regime, the owner, and the landlord of each tenant in possession of any portion of the residential rental facility as his residence, if other than the owner, shall give the tenant a notice in the form specified in subsection (f) of this section. The notice shall be given after registration with the Secretary of State under § 11–127 of this title and concurrently and together with any offer required to be given under § 11–136 of this title.

(II) IF AN OFFER REQUIRED TO BE GIVEN UNDER § 11–136 OF THIS TITLE IS NOT GIVEN TO A TENANT CONCURRENTLY WITH THE NOTICE DESCRIBED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE 180–DAY PERIOD THAT IS TRIGGERED BY RECEIPT OF THE NOTICE UNDER THIS SECTION DOES NOT BEGIN UNTIL THE TENANT RECEIVES THE PURCHASE OFFER.

(2) The owner and the landlord, if other than the owner, shall inform in writing each tenant who first leases any portion of the premises as his residence

after the giving of the notice required by this subsection that the notice has been given. The tenant shall be informed at or before the signing of lease or the taking of possession, whichever occurs first.

(3) A copy of the notice, together with a list of each tenant to whom the notice was given, shall be given to the Secretary of State at the time the notice is given to each tenant.

(b) The notice **AND *THE* PURCHASE OFFER** shall be considered to have been given to each tenant if delivered by hand to the tenant or mailed, certified mail, return receipt requested, postage prepaid, to the tenant's last–known address.

(f) The notice referred to in subsection (a) of this section shall be sufficient for the purposes of this section if it is in substantially the following form. As to rental facilities containing less than 10 units, "Section 2" of the notice is not required to be given.

"NOTICE OF INTENTION TO CREATE A CONDOMINIUM

..... (Date)

This is to inform you that the rental facility known as ..... may be converted to a condominium regime in accordance with the Maryland Condominium Act. You may be required to move out of your residence after 180 days have passed from the date of this notice, or in other words, after ..... (Date).

Section 1

Rights that apply to all tenants

If you are a tenant in this rental facility and you have not already given notice that you intend to move, you have the following rights, provided you have previously paid your rent and continue to pay your rent and abide by the other conditions of your lease.

(1) You may remain in your residence on the same rent, terms, and conditions of your existing lease until either the end of your lease term or until ..... (Date) (the end of the 180–day period), whichever is later. If your lease term ends during the 180–day period, it will be extended on the same rent, terms, and conditions until ..... (Date) (the end of the 180–day period). In addition, certain households may be entitled to extend their leases beyond the 180 days as described in Section 2.

(2) You have the right to purchase your residence before it can be sold publicly. A purchase offer describing your right to purchase is **REQUIRED TO BE** included with this notice. **IF A PURCHASE OFFER IS NOT INCLUDED WITH THIS NOTICE, THE 180–DAY PERIOD THAT YOU MAY REMAIN IN YOUR RESIDENCE DOES NOT BEGIN UNTIL YOU RECEIVE THE PURCHASE OFFER.**

(3) If you do not choose to purchase your unit, and the annual income for all present members of your household did not exceed ..... (the applicable income eligibility figure or figures for the appropriate area) for 20...., you are entitled to receive $375 when you move out of your residence. You are also entitled to be reimbursed for moving expenses as defined in the Maryland Condominium Act over $375 up to $750 which are actually and reasonably incurred. If the annual income for all present members of your household did exceed ..... (the applicable income eligibility figure or figures for the appropriate area) for 20...., you are entitled to be reimbursed up to $750 for moving expenses as defined in the Maryland Condominium Act actually and reasonably incurred. To receive reimbursement for moving expenses, you must make a written request, accompanied by reasonable evidence of your expenses, within 30 days after you move. You are entitled to be reimbursed within 30 days after your request has been received.

(4) If you want to move out of your residence before the end of the 180–day period or the end of your lease, you may cancel your lease without penalty by giving at least 30 days prior written notice. However, once you give notice of when you intend to move, you will not have the right to remain in your residence beyond that date.

Section 2

Right to 3–year lease extension or 3–month rent payment
for certain individuals with disabilities and senior citizens

The developer who converts this rental facility to a condominium must offer extended leases to qualified households for up to 20 percent of the units in the rental facility. Households which receive extended leases will have the right to continue renting their residences for at least 3 years from the date of this notice. A household may cancel an extended lease by giving 3 months' written notice if more than 1 year remains on the lease, and 1 month's written notice if less than 1 year remains on the lease.

Rents under these extended leases may only be increased once a year and are limited by increases in the cost of living index. Read the enclosed lease to learn the additional rights and responsibilities of tenants under extended leases.

In determining whether your household qualifies for an extended lease, the following definitions apply:

(1) (i) "Disability" means:

1. A physical or mental impairment that substantially limits one or more of an individual's major life activities; or

2. A record of having a physical or mental impairment that substantially limits one or more of an individual's major life activities.

(ii) "Disability" does not include the current illegal use of or addiction to:

1. A controlled dangerous substance as defined in § 5–101 of the Criminal Law Article; or

2. A controlled substance as defined in 21 U.S.C. § 802.

(2) "Senior citizen" means a person who is at least 62 years old on the date of this notice.

(3) "Annual income" means the total income from all sources for all present members of your household for the income tax year immediately preceding the year in which this notice is issued but shall not include unreimbursed medical expenses if the tenant provides reasonable evidence of the unreimbursed medical expenses or consents in writing to authorize disclosure of relevant information regarding medical expense reimbursement at the time of applying for an extended lease. "Total income" means the same as "gross income" as defined in § 9–104(a)(7) of the Tax – Property Article.

(4) "Unreimbursed medical expenses" means the cost of medical expenses not otherwise paid for by insurance or some other third party, including medical and hospital insurance premiums, co–payments, and deductibles; Medicare A and B premiums; prescription medications; dental care; vision care; and nursing care provided at home or in a nursing home or home for the aged.

To qualify for an extended lease you must meet all of the following criteria:

(1) A member of the household must be an individual with a disability or a senior citizen and must be living in your unit as of the date of this notice and must have been a member of your household for at least 12 months preceding the date of this notice; and

(2) Annual income for all present members of your household must not have exceeded ..... (the applicable income eligibility figure or figures for the appropriate area) for 20.....; and

(3) You must be current in your rental payments and otherwise in good standing under your existing lease.

If you meet all of these qualifications and desire an extended lease, then you must complete the enclosed form and execute the enclosed lease and return them. The completed form and executed lease must be received at the office listed below within 60 days of the date of this notice, or in other words, by ..... (Date). If your completed form and executed lease are not received within that time, you will not be entitled to an extended lease.

If the number of qualified households requesting extended leases exceeds the 20 percent limitation, priority will be given to qualified households who have lived in the rental facility for the longest time.

Due to the 20 percent limitation your application for an extended lease must be processed prior to your lease becoming final. Your lease will become final if it is determined that your household is qualified and falls within the 20 percent limitation.

If you return the enclosed form and lease by ..... (Date) you will be notified within 75 days of the date of this notice, or in other words, by ..... (Date), whether you are qualified and whether your household falls within the 20 percent limitation.

You may apply for an extended lease and, at the same time, choose to purchase your unit. If you apply for and receive an extended lease, your purchase contract will be void. If you do not receive an extended lease, your purchase contract will be effective and you will be obligated to buy your unit.

If you qualify for an extended lease, but due to the 20 percent limitation, your lease is not finalized, the developer must pay you an amount equal to 3 months rent within 15 days after you move. You are also entitled to up to $750 reimbursement for your moving expenses, as described in Section 1.

If you qualify for an extended lease, but do not want one, you are also entitled to both the moving expense reimbursement previously described, and the payment equal to 3 months' rent. In order to receive the 3 month rent payment, you must complete and return the enclosed form within 60 days of the date of this notice or by ..... (Date), but you should not execute the enclosed lease.

All application forms, executed leases, and moving expense requests should be addressed or delivered to:

.....

.....

.....”

11–136.

(a) (1) An owner required to give notice under § 11–102.1 of this title shall offer in writing to each tenant entitled to receive that notice the right to purchase that portion of the property occupied by the tenant as his residence. The offer shall be at a price and on terms and conditions at least as favorable as the price, terms, and conditions offered for that portion of the property to any other person during the 180 day period following the giving of the notice required by § 11–102.1 of this title. Settlement cannot be required any earlier than 120 days after the offer is accepted by the tenant.

(2) The offer to each tenant shall be made concurrently with the giving of the notice required by § 11–102.1 of this title, shall be a part of that notice, and shall state at least the following:

(i) That the offer will terminate upon the earlier to occur of termination of the lease by the tenant or 60 days after delivery;

(ii) That acceptance of the offer by a tenant who meets the criteria for an extended lease under § 11–137(b) of this title is contingent upon the tenant not receiving an extended lease;

(iii) That settlement cannot be required any earlier than 120 days after acceptance by the tenant; and

(iv) That the household is entitled to reimbursement for moving expenses as provided in subsection (h) of this section. Delivery of a notice in the form specified in § 11–102.1(f) of this title meets the requirements of this subparagraph.

(3) IF THE OFFER TO THE TENANT UNDER THIS SUBSECTION IS NOT INCLUDED WITH THE NOTICE REQUIRED BY § 11–102.1 OF THIS TITLE, THE 180–DAY PERIOD *DURING WHICH THE TENANT IS ENTITLED TO REMAIN IN THE*

TENANT'S RESIDENCE **DOES NOT BEGIN UNTIL THE TENANT RECEIVES THE OFFER.**

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

Approved:

_____

Governor.

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Speaker of the House of Delegates.

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President of the Senate.