

HOUSE BILL 1081

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CF SB 692

By: **Delegates Hixson, Hucker, Ivey, and Mizeur**

Introduced and read first time: February 17, 2010

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Condominiums – Conversion of Residential Rental Facilities – Expiration of**
3 **Registration and Notice**

4 FOR the purpose of requiring a certain owner and landlord to give a certain notice of
5 conversion of a residential rental facility to a condominium and a purchase offer
6 to a subsequent tenant who leases property in the facility after the owner or
7 landlord has given the tenants the initial notice and purchase offer; requiring
8 an owner and landlord to give a subsequent tenant the same period of time to
9 remain in the rental facility as the initial tenants are given; providing that the
10 right of a tenant approved for an extended lease under State or local law may
11 not be terminated during the extension period because of a change of ownership
12 of the rental facility during that period; conforming the contents of a certain
13 notice; limiting the validity of a certain registration of the conversion of a
14 residential rental facility to a condominium to a certain period of time;
15 requiring, if the validity of the registration expires, that the Secretary of State
16 issue an order terminating the registration and requiring the owner to submit a
17 new public offering statement and application for registration; establishing that
18 the rights of tenants in a conversion are not abrogated by an owner's failure to
19 complete the conversion in a certain period of time; requiring the Secretary to
20 adopt regulations regarding the termination of a certain registration; providing
21 for the application of this Act; and generally relating to the conversion of
22 residential rental facilities to condominiums.

23 BY repealing and reenacting, with amendments,
24 Article – Real Property
25 Section 11–102.1, 11–127, and 11–137
26 Annotated Code of Maryland
27 (2003 Replacement Volume and 2009 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **Article – Real Property**

2 11–102.1.

3 (a) (1) (i) Before a residential rental facility is subjected to a
4 condominium regime, the owner, and the landlord of each tenant in possession of any
5 portion of the residential rental facility as his residence, if other than the owner, shall
6 give the tenant a notice in the form specified in subsection (f) of this section. The
7 notice shall be given after registration with the Secretary of State under § 11–127 of
8 this title and concurrently and together with any offer required to be given under §
9 11–136 of this title.

10 (ii) If an offer required to be given under § 11–136 of this title is
11 not given to a tenant concurrently with the notice described in subparagraph (i) of this
12 paragraph, the 180–day period that is triggered by receipt of the notice under this
13 section does not begin until the tenant receives the purchase offer.

14 (2) (I) The owner and the landlord, if other than the owner, shall
15 inform in writing each tenant who first leases any portion of the premises as his
16 residence after the **INITIAL** giving of the notice required by this subsection that the
17 notice has been given. The tenant shall be informed at or before the signing of lease or
18 the taking of possession, whichever occurs first.

19 (II) **THE OWNER AND THE LANDLORD, IF OTHER THAN THE**
20 **OWNER, SHALL GIVE THE TENANT UNDER THIS PARAGRAPH THE PURCHASE**
21 **OFFER REQUIRED TO BE GIVEN UNDER § 11–136 OF THIS TITLE.**

22 (III) **THE 180–DAY PERIOD THAT IS TRIGGERED BY RECEIPT**
23 **OF THE NOTICE UNDER THIS SUBSECTION DOES NOT BEGIN UNTIL THE TENANT**
24 **UNDER THIS PARAGRAPH RECEIVES THE PURCHASE OFFER.**

25 (3) A copy of the notice, together with a list of each tenant to whom
26 the notice was given **UNDER PARAGRAPH (1) OR (2) OF THIS SUBSECTION**, shall be
27 given to the Secretary of State at the time the notice is given to each tenant.

28 (b) The notice and the purchase offer shall be considered to have been given
29 to each tenant if delivered by hand to the tenant or mailed, certified mail, return
30 receipt requested, postage prepaid, to the tenant’s last-known address.

31 (c) A tenant leasing any portion of the residential rental facility as his
32 residence at the time the notice referred to in subsection (a) of this section is given to
33 him may not be required to vacate the premises prior to the expiration of 180 days
34 from the giving of the notice except for:

35 (1) Breach of a covenant in his lease occurring before or after the
36 giving of the notice;

1 (2) Nonpayment of rent occurring before or after the giving of the
2 notice; or

3 (3) Failure of the tenant to vacate the premises at the time that is
4 indicated by the tenant in a notice given to his landlord under subsection (e) of this
5 section.

6 (d) The lease term of any tenant leasing any portion of the residential rental
7 facility as his residence at the time the notice referred to in subsection (a) of this
8 section is given to him and which lease term would ordinarily terminate during the
9 180-day period shall be extended until the expiration of the 180-day period. The
10 extended term shall be at the same rent and on the same terms and conditions as were
11 applicable on the last day of the lease term.

12 (e) Any tenant leasing any portion of the residential rental facility as his
13 residence at the time the notice referred to in subsection (a) of this section is given to
14 him may terminate his lease, without penalty for termination upon at least 30 days'
15 written notice to his landlord.

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

20 "NOTICE OF INTENTION TO CREATE A CONDOMINIUM

21 (Date)

22 This is to inform you that the rental facility known as
23 may be converted to a condominium regime in accordance with the Maryland
24 Condominium Act. You may be required to move out of your residence after 180 days
25 have passed from the date [of] **YOU RECEIVE [this notice] THE PURCHASE OFFER**, or
26 in other words, after (Date).

27 Section 1

28 Rights that apply to all tenants

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

1 (1) You may remain in your residence on the same rent, terms, and
2 conditions of your existing lease until either the end of your lease term or until
3 (Date) (the end of the 180-day period **FROM THE DATE YOU RECEIVED**
4 **THE PURCHASE OFFER**), whichever is later. If your lease term ends during the
5 180-day period, it will be extended on the same rent, terms, and conditions until
6 (Date) (the end of the 180-day period **FROM THE DATE YOU RECEIVED**
7 **THE PURCHASE OFFER**). In addition, certain households may be entitled to extend
8 their leases beyond the 180 days as described in Section 2.

9 (2) You have the right to purchase your residence before it can be sold
10 publicly. A purchase offer describing your right to purchase is required to be included
11 with this notice. If a purchase offer is not included with this notice, the 180-day period
12 that you may remain in your residence does not begin until you receive the purchase
13 offer.

14 (3) If you do not choose to purchase your unit, and the annual income for all
15 present members of your household did not exceed (the applicable income
16 eligibility figure or figures for the appropriate area) for 20..., you are entitled to
17 receive \$375 when you move out of your residence. You are also entitled to be
18 reimbursed for moving expenses as defined in the Maryland Condominium Act over
19 \$375 up to \$750 which are actually and reasonably incurred. If the annual income for
20 all present members of your household did exceed (the applicable income
21 eligibility figure or figures for the appropriate area) for 20..., you are entitled to be
22 reimbursed up to \$750 for moving expenses as defined in the Maryland Condominium
23 Act actually and reasonably incurred. To receive reimbursement for moving expenses,
24 you must make a written request, accompanied by reasonable evidence of your
25 expenses, within 30 days after you move. You are entitled to be reimbursed within 30
26 days after your request has been received.

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

31 Section 2

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

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

1 remains on the lease, and 1 month's written notice if less than 1 year remains on the
2 lease.

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

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

8 (1) (i) "Disability" means:

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

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

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

15 1. A controlled dangerous substance as defined in
16 § 5–101 of the Criminal Law Article; or

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

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

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

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

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

34 (1) A member of the household must be an individual with a disability or a
35 senior citizen and must be living in your unit as of the date of this notice and must

1 have been a member of your household for at least 12 months preceding the date of
2 this notice; and

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

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

8 If you meet all of these qualifications and desire an extended lease, then you
9 must complete the enclosed form and execute the enclosed lease and return them. The
10 completed form and executed lease must be received at the office listed below within
11 60 days of the date of this notice, or in other words, by (Date). If your
12 completed form and executed lease are not received within that time, you will not be
13 entitled to an extended lease.

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

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

20 **IF YOUR EXTENDED LEASE IS APPROVED AND BECOMES FINAL, THE**
21 **EXTENDED LEASE WILL CONTINUE UNTIL THE EXTENSION PERIOD EXPIRES**
22 **UNDER § 11-137 OF THE REAL PROPERTY ARTICLE OR UNDER LOCAL LAW**
23 **WITHOUT REGARD TO ANY CHANGE IN OWNERSHIP OF THE RENTAL FACILITY**
24 **DURING THE PERIOD.**

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

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

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

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

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

8
9
10”

11 (g) A declaration may not be received for record unless there is attached
12 thereto an affirmation of the developer in substantially the following form:

13 “I hereby affirm under penalty of perjury that the notice requirements of
14 § 11–102.1 of the Real Property Article, if applicable, have been fulfilled.

15 Developer

16 By”

17 (h) Failure of a landlord or owner to give notice as required by this section is
18 a defense to an action for possession.

19 (i) Failure to fulfill the provisions of this section does not affect the validity
20 of a condominium regime otherwise established in accordance with the provisions of
21 this title.

22 (j) This section does not apply to any tenant whose lease term expires during
23 the 180–day period and who has given notice of his intent not to renew the lease prior
24 to the giving of the notice required by subsection (a) of this section.

25 (k) (1) A tenant may not waive his rights under this section except as
26 provided under § 11–137 of this title.

27 (2) At the expiration of the 180–day period a tenant shall become a
28 tenant from month–to–month subject to the same rent, terms, and conditions as those
29 existing at the giving of the notice required by subsection (a) of this section, if the
30 tenant’s initial lease has expired and the tenant has not:

31 (i) Entered into a new lease;

32 (ii) Vacated under subsection (e) of this section; or

1 (iii) Been notified in accordance with applicable law prior to the
2 expiration of the 180-day period that he must vacate at the end of that period.

3 11-127.

4 (a) A contract for the initial sale of a unit to a member of the public may not
5 be entered into until the public offering statement for the proposed condominium
6 regime has been registered with the Secretary of State and until 10 days after all
7 amendments then applicable to the public offering statement have been filed with the
8 Secretary of State under subsection (d) of this section.

9 (b) (1) An application for registration shall consist of the public offering
10 statement described in § 11-126 of this title. A developer shall file the number of
11 copies required by the Secretary of State. The Secretary of State shall notify the
12 governing body of the county and/or municipality in which the condominium is located
13 of the filing of the application. An application shall be accompanied by a fee of not less
14 than \$100, in an amount equal to \$5 per unit.

15 (2) A developer promptly shall file amendments to report any material
16 change in any document or information contained in the application.

17 (c) (1) The Secretary of State shall acknowledge receipt of an application
18 for registration within 5 business days after receiving it. The Secretary shall
19 determine whether the application satisfies the disclosure requirements of § 11-126 of
20 this title within 45 days after receipt.

21 (2) If the Secretary of State determines that the application complies
22 with § 11-126 of this title, the Secretary shall issue promptly an order registering the
23 condominium. Otherwise, unless the developer has consented in writing to a delay not
24 to exceed 30 days, the Secretary shall issue promptly an order rejecting registration.
25 The order shall include the specific reasons for the rejection. The Secretary's failure to
26 issue any order within 45 days of receipt or within the time period agreed upon shall
27 be deemed an approval of the condominium. Rejection of an application for registration
28 by the Secretary of State may not act as a bar to reapplication for registration. An
29 application amended to comply with the stated reasons for rejection and accompanied
30 by an additional fee as provided in subsection (b) of this section shall be approved by
31 the Secretary of State upon his determination that the amended application satisfies
32 the requirements of this section.

33 (d) (1) (i) A developer shall promptly file with the Secretary of State
34 copies of any changes in the documents or information contained in the public offering
35 statement which are necessary to make the documents or information current.

36 (ii) A public offering statement is current if the information
37 required under § 11-126(b)(2), (4), (5), (6), and (12) of this subtitle is updated and filed
38 by the developer not less than annually.

1 (2) (i) A developer shall file a written statement with the council of
2 unit owners describing the progress of construction, repairs, and all other work on the
3 condominium, which the developer has completed or intends to complete in accordance
4 with the public offering statement for the condominium.

5 (ii) This written statement shall be filed within 30 days after
6 the anniversary date for registration of the public offering statement for the
7 condominium and annually thereafter until the registration of the condominium is
8 terminated.

9 (3) A developer shall notify the Secretary of State in writing when all
10 of the units in the condominium have been conveyed to unit owners other than the
11 developer, and the developer either cannot add additional units to the condominium or
12 has determined that no additional units will be added to the condominium.

13 (4) If the developer notifies the Secretary of State that all of the units
14 in the condominium have been conveyed to unit owners other than the developer, and
15 that the developer either cannot add additional units to the condominium, or has
16 determined that no additional units will be added to the condominium, the Secretary
17 of State shall issue an order terminating the registration of the condominium.

18 (e) The Secretary of State shall be responsible for the administration of this
19 section.

20 (1) The Secretary may adopt, amend, and repeal regulations necessary
21 to carry out the requirements of the provisions of this section.

22 (2) The Secretary may prescribe forms and procedures for submitting
23 applications.

24 (f) This section does not apply to the sale of any unit which is to be occupied
25 and used for nonresidential purposes.

26 **(G) (1) THIS SUBSECTION APPLIES ONLY TO A CONVERSION OF A**
27 **RESIDENTIAL RENTAL FACILITY TO A CONDOMINIUM UNDER § 11-102.1 OF THIS**
28 **TITLE.**

29 **(2) A REGISTRATION UNDER THIS SUBSECTION IS VALID FOR 5**
30 **YEARS FROM THE DATE THE SECRETARY ISSUES AN ORDER REGISTERING THE**
31 **CONDOMINIUM UNDER SUBSECTION (C) OF THIS SECTION.**

32 **(3) IF A DEVELOPER HAS NOT NOTIFIED THE SECRETARY THAT**
33 **THE CONVERSION FROM A RESIDENTIAL RENTAL FACILITY TO A CONDOMINIUM**
34 **IS COMPLETE WITHIN 5 YEARS AFTER THE DATE THE SECRETARY ISSUED THE**
35 **ORDER REGISTERING THE CONDOMINIUM UNDER SUBSECTION (C) OF THIS**
36 **SECTION, THE SECRETARY SHALL ISSUE AN ORDER TERMINATING THE**

1 REGISTRATION AND REQUIRING THE OWNER TO SUBMIT A NEW PUBLIC
2 OFFERING STATEMENT AND APPLICATION FOR REGISTRATION UNDER § 11-126
3 OF THIS TITLE.

4 (4) THE RIGHTS OF THE TENANTS UNDER § 11-102.1 OF THIS
5 TITLE MAY NOT BE ABROGATED BY THE FAILURE OF THE DEVELOPER TO
6 COMPLETE THE CONVERSION PROCESS IN 5 YEARS.

7 (5) THE SECRETARY OF STATE SHALL ADOPT REGULATIONS
8 NECESSARY TO CARRY OUT THE TERMINATION OF REGISTRATION AND
9 REAPPLICATION PROCESS WHILE PROTECTING THE RIGHTS OF THE TENANTS
10 OF THE RESIDENTIAL RENTAL FACILITY AND ITS UNIT OWNERS.

11 11-137.

12 (a) (1) In this section the following words have the meanings indicated.

13 (2) “Annual income” means the total income from all sources, of a
14 designated household, for the income tax year immediately preceding the year in
15 which the notice is given under § 11-102.1 of this title, whether or not included in the
16 definition of gross income for federal or State tax purposes. For purposes of this
17 section, the inclusions and exclusions from annual income are the same as those listed
18 in § 9-104(a)(8) of the Tax – Property Article, “gross income” as that term is defined
19 for the property tax credits for homeowners by reason of income and age, but shall not
20 include unreimbursed medical expenses if the tenant provides reasonable evidence of
21 the unreimbursed medical expenses or consents in writing to authorize disclosure of
22 relevant information regarding medical expense reimbursement at the time of
23 applying for an extended lease.

24 (3) “Designated household” means any of the following households:

25 (i) A household which includes a senior citizen who has been a
26 member of the household for a period of at least 12 months preceding the giving of the
27 notice required by § 11-102.1 of this title; or

28 (ii) A household which includes an individual with a disability
29 who has been a member of the household for a period of at least 12 months preceding
30 the giving of the notice required by § 11-102.1 of this title.

31 (4) (i) “Disability” means:

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

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

1 (ii) “Disability” does not include the current illegal use of or
2 addiction to:

3 1. A controlled dangerous substance as defined in
4 § 5–101 of the Criminal Law Article; or

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

6 (5) “Household” means only those persons domiciled in the unit at the
7 time the notice required by § 11–102.1 of this title is given.

8 (6) “Rental facility” means property containing 10 or more dwelling
9 units intended to be leased to persons who occupy the dwellings as their residences.

10 (7) “Senior citizen” means a person who is at least 62 years old on the
11 date that the notice required by § 11–102.1 of this title is given.

12 (8) “Unreimbursed medical expenses” means the cost of medical
13 expenses not otherwise paid for by insurance or some other third party, including
14 medical and hospital insurance premiums, co-payments, and deductibles; Medicare A
15 and B premiums; prescription medications; dental care; vision care; and nursing care
16 provided at home or in a nursing home or home for the aged.

17 (b) A developer may not grant a unit in a rental facility occupied by a
18 designated household entitled to receive the notice required by § 11–102.1 of this title
19 without offering to the tenant of the unit a lease extension for a period of at least 3
20 years from the giving of the notice required by § 11–102.1 of this title, if the household
21 meets the following criteria:

22 (1) Had an annual income which did not exceed the income eligibility
23 figure applicable for the county or incorporated municipality in which the rental
24 facility is located, as provided under subsection (n) of this section;

25 (2) Is current in its rent payment and has not violated any other
26 material term of the lease; or

27 (3) Has provided the developer within 60 days after the giving of the
28 notice required by § 11–102.1 of this title with an affidavit under penalty of perjury:

29 (i) Stating that the household is applying for an extended lease
30 under this section;

31 (ii) Setting forth the household’s annual income for the calendar
32 year preceding the giving of the notice required by § 11–102.1 of this title together
33 with reasonable supporting documentation of the household income and, where
34 applicable, of unreimbursed medical expenses or a written authorization for disclosure
35 of relevant information regarding medical expense reimbursement by doctors,

1 hospitals, clinics, insurance companies, or similar persons, entities, or organizations
2 that provide medical treatment coverage to the household;

3 (iii) Setting forth facts showing that a member of the household
4 is either an individual with a disability or a senior citizen who, in either event, has
5 been a member of the household for at least 12 months preceding the giving of the
6 notice required by § 11–102.1 of this title; and

7 (iv) Has executed an extended lease and returned it to the
8 developer within 60 days after the giving of the notice required by § 11–102.1 of this
9 title.

10 (c) The developer shall deliver to each tenant entitled to receive the notice
11 required by § 11–102.1 of this title, simultaneously with the notice:

12 (1) An application on which may be included all of the information
13 required by subsection (b)(3) of this section;

14 (2) A lease containing the terms required by this section and clearly
15 indicating that the lease will be effective only if:

16 (i) The tenant executes and returns the lease not later than 60
17 days after the giving of the notice required by § 11–102.1 of this title; and

18 (ii) The household is allocated 1 of the units required to be made
19 available to qualified households based on its ranking under subsection (k) of this
20 section and the number of tenants executing and returning leases;

21 (3) A notice, delivered in the form specified in § 11–102.1(f) of this
22 title, setting forth the rights and obligations of the tenant under this section; and

23 (4) A copy of the public offering statement which is registered with the
24 Secretary of State.

25 (d) Within 75 days after the giving of the notice required by § 11–102.1 of
26 this title, the developer shall notify each household which submits to the developer the
27 documentation required by subsection (b)(3) of this section:

28 (1) Whether the household meets the criteria of subsection (b) of this
29 section, and, if not, an explanation of which criteria have not been met; and

30 (2) Whether the extended lease has become effective.

31 (e) Within 75 days after the giving of the notice required by § 11–102.1 of
32 this title, the developer shall provide to any county, incorporated municipality, or
33 housing agency which has a right to purchase units in the rental facility under
34 § 11–139 of this title:

1 (1) A notice indicating the number of units in the rental facility being
2 made available to qualified households under subsection (k)(1) of this section;

3 (2) A list of all households meeting the criteria of subsection (b) of this
4 section, indicating the ranking of each in relation to that number;

5 (3) A list of all households returning the affidavit required by
6 subsection (b) of this section which do not meet all the criteria of subsection (b) of this
7 section and copies of the notifications sent to these households under subsection (d) of
8 this section; and

9 (4) A list of all households as to whom a lease has become effective.

10 (f) (1) The extended lease shall provide for a term commencing on
11 acceptance and terminating not less than 3 years from the giving of the notice
12 required by § 11–102.1 of this title.

13 (2) Annually, on the commencement date of the extended lease, the
14 rental fee for the unit may be increased. The increase may not exceed an amount
15 determined by multiplying the annual rent for the preceding year by the percentage
16 increase for the rent component of the U.S. Consumer Price Index for Urban Wage
17 Earners and Clerical Workers (CPI–W) (1967 = 100), as published by the U.S.
18 Department of Labor, for the most recent 12–month period.

19 (3) Except as this section otherwise permits or requires, the extended
20 lease shall contain the same terms and conditions as the lease in effect on the day
21 preceding the giving of the notice required by § 11–102.1 of this title.

22 (g) A designated household which exercises its rights under this section shall
23 not be denied an opportunity to buy a unit at a later date, if one is available.

24 (h) (1) A designated household which executes an extended lease under
25 this section which is accepted thereafter may not terminate its extended lease under §
26 11–102.1 of this title. A designated household may terminate its extended lease at any
27 time, with notice to the developer or any subsequent titleholder as follows:

28 (i) At least a 1–month notice in writing shall be given when less
29 than 12 months remain on the lease; and

30 (ii) At least a 3–month notice in writing shall be given when 12
31 months or more remain on the lease.

32 (2) Any lease executed under this section shall set forth the provisions
33 for termination contained in this subsection.

34 (i) The title to units subject to the provisions of this section may be granted
35 to a person who is not a member of the designated household, provided that:

1 (1) The provisions of this section continue to apply despite any
2 transfer of title to a unit occupied by a designated household as provided in this
3 section;

4 (2) The designated household is provided written notice of the change
5 of ownership of title by the new titleholder; and

6 (3) The vendor of any such unit provides the purchaser written
7 disclosure that the unit is occupied by a designated household subject to the provisions
8 of this section at the time of or prior to the execution of a contract of sale.

9 (j) **(1)** The extended tenancy provided for in this section shall cease upon
10 the occurrence of any of the following:

11 **[(1)] (I)** 90 days after the death of the last surviving senior citizen or
12 individual with a disability residing in the unit, or 90 days after the last senior citizen
13 or individual with a disability residing in the unit has moved from the unit;

14 **[(2)] (II)** Eviction for failure to pay rent due in a timely fashion or
15 violation of a material term of the lease; or

16 **[(3)] (III)** Voluntary termination of the lease by the designated
17 household under subsection (h) of this section.

18 **(2) THE RIGHT TO AN EXTENDED TENANCY PROVIDED FOR IN**
19 **THIS SECTION MAY NOT BE TERMINATED BECAUSE OF A CHANGE OF OWNERSHIP**
20 **OF THE RESIDENTIAL RENTAL FACILITY.**

21 (k) (1) A developer shall set aside a percentage of the total number of
22 units within a condominium for designated households. A developer is not required to
23 grant extended leases covering more than 20 percent of the units within a
24 condominium to designated households.

25 (2) (i) If the number of units occupied by designated households
26 which meet the criteria of subsection (b) of this section exceeds 20 percent, then the
27 number of available units for tenancy under the provisions of this section shall be
28 allocated as determined by the local governing body.

29 (ii) If the local governing body fails to provide for allocation,
30 then units shall be allocated by the developer.

31 (iii) 1. Except as provided in subsubparagraph 2 of this
32 subparagraph, the developer shall allocate the units based on seniority by continuous
33 length of residence.

1 2. Among designated households that include
2 individuals with disabilities, priority shall be given to households that include an
3 individual with a physical impairment who requires wheelchair accessible housing.

4 (1) (1) If a conversion to condominium involves substantial rehabilitation
5 or reconstruction of such a nature that the work involved does not permit the
6 continued occupancy of a unit because of danger to the health and safety of the
7 tenants, then any designated household executing an extended lease under the
8 provisions of this section may be required to vacate their unit not earlier than the
9 expiration of the 180-day period and to relocate at the expense of the developer in a
10 comparable unit in the rental facility to permit such work to be performed.

11 (2) If there is no comparable unit available, then the designated
12 household may be required to vacate the rental facility. When the work is completed,
13 the developer shall notify the household of its completion. The household shall have 30
14 days from the date of that notice to return to their original or a comparable rental
15 unit. The term of the extended lease of that household shall begin upon their return to
16 the rental unit.

17 (3) The developer shall give 180 days' notice prior to the date that
18 units must be vacated. The notice shall explain the household's rights under this
19 subsection and subsection (m) of this section.

20 (m) (1) The developer shall pay households that qualify as to income under
21 subsection (b)(1) of this section \$375 when the household vacates the unit and for
22 moving expenses as defined in § 11-101 of this title in excess of \$375 up to \$750 which
23 are actually and reasonably incurred. The household shall make a written request for
24 reimbursement accompanied by reasonable evidence of the costs incurred within 30
25 days of moving. The developer shall reimburse the household within 30 days following
26 receipt of the request.

27 (2) If a household does not qualify as to income under subsection (b)(1)
28 of this section, the developer shall reimburse moving expenses as defined in § 11-101
29 of this title, up to \$750, actually and reasonably incurred to the designated households
30 eligible under this subsection. The designated household shall make a written request
31 for reimbursement accompanied by reasonable evidence of the costs incurred within 30
32 days of moving. The developer shall reimburse the designated household within 30
33 days following receipt of the request.

34 (3) The developer shall also pay a compensation equivalent to 3
35 months' rent within 15 days of moving to the designated households eligible under this
36 subsection.

37 (4) The following designated households which meet the applicable
38 criteria of subsection (b) of this section are eligible under this subsection:

39 (i) A designated household which does not execute an extended
40 lease;

1 (ii) A designated household which is precluded from having an
2 extended tenancy by the limitation of subsection (k) of this section; or

3 (iii) A designated household which is required to vacate their
4 rental unit under subsection (l)(2) of this section.

5 (5) A developer shall also reimburse moving expenses as defined in §
6 11-101 of this title, up to \$750, actually and reasonably incurred, to a designated
7 household who returns to their rental unit under subsection (l)(2) of this section. The
8 designated household shall make a written request for reimbursement accompanied by
9 reasonable evidence of the costs incurred within 30 days following the designated
10 household's return. The developer shall reimburse the designated household within 30
11 days following receipt of the request.

12 (n) (1) (i) The Secretary of State shall prepare income eligibility
13 figures for each county and standard metropolitan statistical area of the State.

14 (ii) Except in Baltimore City, the figures shall reasonably
15 approximate:

16 1. 80 percent of the median household income for each
17 county;

18 2. 80 percent of the median household income for each
19 metropolitan statistical area; and

20 3. The uncapped low income limits as adjusted for family
21 size calculated by the U.S. Department of Housing and Urban Development for
22 assisted housing programs.

23 (iii) In Baltimore City, the figure shall reasonably approximate
24 100% of the median household income for the Baltimore Metropolitan Statistical Area.

25 (2) Except in Baltimore City, a county or incorporated municipality
26 may by law, ordinance, or resolution select from the figures prepared by the Secretary
27 of State under paragraph (1)(ii) of this subsection, the applicable income eligibility
28 figure or figures to be used in the county or incorporated municipality.

29 (3) The figure prepared by the Secretary of State under paragraph
30 (1)(iii) of this subsection shall be the income eligibility figure used in Baltimore City.

31 (4) Except in Baltimore City, if a county or incorporated municipality
32 does not select an income eligibility figure or figures, 80 percent of the median
33 household income for the county shall be used.

34 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to
35 any residential rental facility for which an application for registration has not been

1 filed with the Secretary of State, in accordance with § 11-127 of the Real Property
2 Article, on or before June 1, 2010.

3 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 June 1, 2010.