HOUSE BILL 511

N1 (5lr1518)

ENROLLED BILL

— Environment and Transportation/Judicial Proceedings —

Introduced by **Delegate Holmes**

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

Real Property – Residential Property – Ground Leases

FOR the purpose of altering a certain definition for purposes of certain provisions of law prohibiting nonjudicial actions to take possession of property; repealing certain provisions of law providing that the establishment of a lien is the remedy for nonpayment of a ground rent on certain residential property; reorganizing and recodifying certain provisions of law relating to ground leases on certain residential property; authorizing a holder of a secured interest in certain property to apply to redeem a reversion under a ground lease under certain circumstances; altering the contents of a certain affidavit made by a certain ~~director~~ commissioner in the Baltimore City Department of Housing and Community Development concerning abandoned or distressed property under certain circumstances; *specifying the date from which certain past due ground rent accrues for certain purposes;* authorizing a ground lease holder to be reimbursed for certain late fees, interest, collection costs, and expenses in an action to recover past due ground rent under certain

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.

circumstances; authorizing a ground lease holder to bring an action ~~to reenter~~ for possession for nonpayment of ground rent only under certain circumstances; authorizing a holder of a secured interest in certain property to cure a default for nonpayment of ground rent under certain circumstances; requiring a ground lease holder to send certain notices to a leasehold tenant in a certain manner no less than a certain number of days before filing an action ~~to reenter~~ for possession; authorizing a ground lease holder to be reimbursed for certain late fees, interest, ~~and collection costs~~ collection costs, and expenses in an action for possession for nonpayment of ground rent under certain circumstances; requiring a ground lease holder to send a copy of a certain notice to any holder *of record* of a secured interest in certain property under certain circumstances; requiring an action filed under certain provisions of this Act to be accompanied by certain documents; specifying the manner in which service of process must be made for an action filed under certain provisions of this Act; requiring a holder *of record* of a secured interest in certain property to be made a party to an action filed under certain provisions of this Act under certain circumstances; authorizing a leasehold tenant to cure a default and commence a proceeding to obtain relief from a ~~judgment for~~ writ of possession under certain circumstances; prohibiting a ground lease holder or a plaintiff from receiving a writ of possession or reimbursement for certain costs or expenses unless certain notice requirements are met; ~~prohibiting~~ authorizing a ground lease holder ~~from receiving reimbursement for certain costs or expenses~~, if the ground lease holder receives and executes a writ of possession, and if authorized under the ground lease, to be reimbursed for certain late fees, interest, collection costs, and expenses under certain circumstances; altering the contents of certain notices required to be included in certain ground rent bills and contracts for the sale of certain residential property subject to a ground lease; repealing certain provisions of law made obsolete by this Act; making stylistic and technical changes; defining certain terms; requiring the State Department of Assessments and Taxation to develop and post a certain notice on the Department's Web site; clarifying that certain prior provisions of law are repealed; and generally relating to ground leases on residential property.

BY repealing
Article – Real Property
Section 8–402.3 *and 14–117(a)*
Annotated Code of Maryland
(2010 Replacement Volume and 2014 Supplement)

BY repealing and reenacting, with amendments,
Article – Real Property
Section 7–113, 8–110, 8–110.1, 8–111.1, 8–111.2, 8–707, 14–116, 14–116.1, 14–116.2, ~~14–117(a),~~ and 14–129
Annotated Code of Maryland
(2010 Replacement Volume and 2014 Supplement)

BY adding to
Article – Real Property

Section 8–801, 8–802, and 8–807 to be under the new subtitle "Subtitle 8. Residential Ground Leases"
Annotated Code of Maryland
(2010 Replacement Volume and 2014 Supplement)

BY repealing and reenacting, without amendments,
Article – Real Property
Section 14–108.1
Annotated Code of Maryland
(2010 Replacement Volume and 2014 Supplement)

BY renumbering
Article – Real Property
Section 14–117(b) through (l), respectively
to be Section 14–117(a) through (k), respectively
Annotated Code of Maryland
(2010 Replacement Volume and 2014 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 8–402.3 of Article – Real Property of the Annotated Code of Maryland be repealed.

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

Article – Real Property

7–113.

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

(2) "Party claiming the right to possession" means a person or successor to any person who:

(i) Does not have actual possession of a residential property; and

(ii) Has or claims to have a legal right to possession of the residential property:

1. By the terms of a contract or foreclosure sale;**[**or**]**

2. UNDER A RESIDENTIAL LEASE OR SUBLEASE THAT HAS AN INITIAL TERM OF 99 YEARS RENEWABLE FOREVER AND THAT CREATES A LEASEHOLD ESTATE SUBJECT TO THE PAYMENT OF PERIODIC INSTALLMENTS OF AN ANNUAL LEASE AMOUNT; OR

[2.**]** **3.** Under a court order, including a court order extinguishing a right of redemption.

(3) (i) "Protected resident" means an owner or former owner in actual possession of residential property.

(ii) "Protected resident" includes a grantee, tenant, subtenant, or other person in actual possession by, through, or under an owner or former owner of residential property.

(iii) "Protected resident" does not include a trespasser or squatter.

(4) "Residential property" means a building, structure, or portion of a building or structure that is designed principally and is intended for human habitation.

(5) "Threaten to take possession" means using words or actions intended to convince a reasonable person that a party claiming the right to possession intends to take imminent possession of residential property in violation of this section.

(6) "Willful diminution of services" means intentionally interrupting or causing the interruption of heat, running water, hot water, electricity, or gas by a party claiming the right to possession for the purpose of forcing a protected resident to abandon residential property.

(b) (1) Except as provided in paragraph (2) of this subsection, a party claiming the right to possession may not take possession or threaten to take possession of residential property from a protected resident by:

(i) Locking the resident out of the residential property;

(ii) Engaging in willful diminution of services to the protected resident; or

(iii) Taking any other action that deprives the protected resident of actual possession.

(2) (i) Except as provided in subparagraph (ii) of this paragraph, a party claiming the right to possession may take possession of residential property from a protected resident only in accordance with a writ of possession issued by a court and executed by a sheriff or constable.

(ii) A party claiming the right to possession of residential property may use nonjudicial self–help to take possession of the property, if the party:

1. Reasonably believes the protected resident has abandoned or surrendered possession of the property based on a reasonable inquiry into the occupancy status of the property;

2. Provides notice as provided in subsection (c) of this section; and

3. Receives no responsive communication to that notice within 15 days after the later of posting or mailing the notice as required by subsection (c) of this section.

(c) (1) If a party claiming the right to possession of residential property reasonably believes, based on a reasonable inquiry into the occupancy status of the property, that all protected residents have abandoned or surrendered possession of the residential property, the party claiming the right to possession may post on the front door of the residential property and mail by first–class mail addressed to "all occupants" at the address of the residential property a written notice in substantially the following form:

"IMPORTANT NOTICE ABOUT EVICTION

A person who claims the right to possess this property believes that this property is abandoned. If you are currently residing in the property, you must immediately contact:

_____
Name

_____
Address

_____
Telephone

_____
Date of this notice

If you do not contact the person listed above within 15 days after the date of this notice, the person claiming possession may consider the property abandoned and seek to secure the property, including changing the locks without a court order.".

(2) The written notice required by this subsection shall be:

(i) A separate document; and

(ii) Printed in at least 12 point type.

(3) The outside of the envelope containing the mailed written notice required by this subsection shall state, on the address side, in bold, capital letters in at least 12 point type, the following: "Important notice to all occupants: eviction information enclosed; open immediately.".

(d) (1) If in any proceeding the court finds that a party claiming the right to possession violated subsection (b) of this section, the protected resident may recover:

(i) Possession of the property, if no other person then resides in the property;

(ii) Actual damages; and

(iii) Reasonable attorney's fees and costs.

(2) The remedies set forth in this subsection are not exclusive.

(e) This section does not apply if the parties are governed by Title 8, Subtitle 2, or Title 8A of this article.

8–707.

If a ground lease is not registered in accordance with this subtitle, the ground lease holder may not:

(1) Collect any ground rent payments due under the ground lease;

(2) Bring a civil action against the leasehold tenant to enforce any rights the ground lease holder may have under the ground lease; or

(3) **[**Obtain a lien under § 8–402.3**] BRING AN ACTION AGAINST THE LEASEHOLD TENANT UNDER SUBTITLE 8** of this title.

SUBTITLE 8. RESIDENTIAL GROUND LEASES.

8–801.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) "GROUND LEASE" MEANS A RESIDENTIAL LEASE OR SUBLEASE FOR A TERM OF YEARS RENEWABLE FOREVER SUBJECT TO THE PAYMENT OF A PERIODIC GROUND RENT.

(C) (1) "GROUND LEASE HOLDER" MEANS THE HOLDER OF THE REVERSIONARY INTEREST UNDER A GROUND LEASE.

(2) "GROUND LEASE HOLDER" INCLUDES AN AGENT OF THE GROUND LEASE HOLDER.

(D) "GROUND RENT" MEANS A RENT ISSUING OUT OF, OR COLLECTIBLE IN CONNECTION WITH, THE REVERSIONARY INTEREST UNDER A GROUND LEASE.

(E) "LEASEHOLD INTEREST" MEANS THE TENANCY IN REAL PROPERTY CREATED UNDER A GROUND LEASE.

(F) "LEASEHOLD TENANT" MEANS THE HOLDER OF THE LEASEHOLD INTEREST UNDER A GROUND LEASE.

8–802.

(A) THIS SUBTITLE APPLIES TO RESIDENTIAL PROPERTY THAT WAS OR IS USED, INTENDED TO BE USED, OR AUTHORIZED TO BE USED FOR FOUR OR FEWER DWELLING UNITS.

(B) THIS SUBTITLE DOES NOT APPLY TO PROPERTY:

(1) LEASED FOR BUSINESS, COMMERCIAL, MANUFACTURING, MERCANTILE, OR INDUSTRIAL PURPOSES, OR ANY OTHER PURPOSE THAT IS NOT PRIMARILY RESIDENTIAL;

(2) IMPROVED OR TO BE IMPROVED BY ANY APARTMENT, CONDOMINIUM, COOPERATIVE, OR OTHER BUILDING FOR MULTIFAMILY USE OF GREATER THAN FOUR DWELLING UNITS; OR

(3) LEASED FOR DWELLINGS OR MOBILE HOMES THAT ARE ERECTED OR PLACED IN A MOBILE HOME DEVELOPMENT OR MOBILE HOME PARK.

[8–111.2.**] 8–803.**

(a) This section does not apply to property**[**:

(1) Leased for business, commercial, manufacturing, mercantile, or industrial purposes, or any other purpose that is not primarily residential;

(2) Improved or to be improved by any apartment, condominium, cooperative, or other building for multifamily use of greater than four dwelling units;

(3) Leased for dwellings or mobile homes that are erected or placed in a mobile home development or mobile home park; or

(4) Subject**] THAT IS SUBJECT** to an affordable housing land trust agreement executed under Title 14, Subtitle 5 of this article.

(b) On or after January 22, 2007, the owner of a fee simple or leasehold estate in residential property that is or was used, intended to be used, or authorized to be used for four or fewer dwelling units may not create a reversionary interest in the property under a ground lease or a ground sublease for a term of years renewable forever subject to the payment of a periodic ground rent.

[8–110.**] 8–804.**

(a) (1) **[**This section does not apply to leases of property leased for business, commercial, manufacturing, mercantile, or industrial purposes or any other purpose which is not primarily residential, where the term of the lease, including all renewals provided for, does not exceed 99 years. A lease of the entire property improved or to be improved by any apartment, condominium, cooperative, or other building for multiple–family use on the property constitutes a business and not a residential purpose. The term "multiple–family use" does not apply to any duplex or single–family structure converted to a multiple–dwelling unit.

(2)**]** Except as provided in subsection (f) of this section, this section does not apply to irredeemable **GROUND** leases **[**executed before April 9, 1884**] PRESERVED UNDER § 8–805 OF THIS SUBTITLE**.

[(3) This section does not apply to leases of the ground or site upon which dwellings or mobile homes are erected or placed in a mobile home development or mobile home park.

(4)**] (2)** This section does not apply to an affordable housing land trust agreement executed under Title 14, Subtitle 5 of this article.

(b) (1) Except for apartment and cooperative leases, any reversion reserved in a **GROUND** lease for longer than 15 years is redeemable at any time, at the option of the **LEASEHOLD** tenant, after 30 days' notice to the **[**landlord**] GROUND LEASE HOLDER**. Notice shall be given by certified mail, return receipt requested, and by first–class mail to the last known address of the **[**landlord**] GROUND LEASE HOLDER**.

(2) The reversion is redeemable:

(i) For a sum equal to the annual **GROUND** rent reserved multiplied by:

1. 25, which is capitalization at 4 percent, if the **GROUND** lease was executed from April 8, 1884 to April 5, 1888, both inclusive;

2. 8.33, which is capitalization at 12 percent, if the **GROUND** lease was or is created after July 1, 1982; or

3. 16.66, which is capitalization at 6 percent, if the **GROUND** lease was created at any other time;

(ii) For a lesser sum if specified in the **GROUND** lease; or

(iii) For a sum to which the parties may agree at the time of redemption.

(3) (I) IF THE LEASEHOLD TENANT IS IN DEFAULT UNDER A SECURITY INSTRUMENT, THE HOLDER OF THE SECURED INTEREST IN THE PROPERTY THAT IS SUBJECT TO A GROUND LEASE, OR ANY PORTION OF A GROUND LEASE, THAT IS RECORDED IN THE LAND RECORDS OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED MAY APPLY TO THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION TO REDEEM THE REVERSION AS PROVIDED UNDER THIS SECTION.

(II) IF A HOLDER OF A SECURED INTEREST APPLIES TO REDEEM A REVERSION AS AUTHORIZED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE HOLDER ALSO SHALL PAY TO THE GROUND LEASE HOLDER THE OUTSTANDING AMOUNT DUE, INCLUDING, IF AUTHORIZED UNDER THE GROUND LEASE, REASONABLE LATE FEES, INTEREST, ~~AND COLLECTION COSTS~~ COLLECTION COSTS, AND EXPENSES AS PROVIDED UNDER § 8–807 OF THIS SUBTITLE.

(c) If a **LEASEHOLD** tenant has power to redeem the reversion from a trustee or other person who does not have a power of sale, the reversion nevertheless may be redeemed in accordance with the procedures prescribed in the Maryland Rules.

(d) Notwithstanding subsection (b) of this section, any regulatory changes made by a federal agency, instrumentality, or subsidiary, including the Department of Housing and Urban Development, the Federal Housing Administration, the Government National Mortgage Association, the Federal National Mortgage Association, and the Veterans' Administration, shall be applicable to redemption of reversions of **GROUND** leases for longer than 15 years.

(e) (1) Before the entry of a judgment foreclosing **[**an owner's**] A LEASEHOLD TENANT'S** right of redemption, a reversion in a ground rent or **GROUND** lease for 99 years renewable forever held on abandoned property in Baltimore City, as defined in § 14–817 of the Tax – Property Article, may be donated to Baltimore City or, at the option of Baltimore City, to an entity designated by Baltimore City.

(2) Valuation of the donation of a reversionary interest **[**pursuant to**] UNDER** this subsection shall be in accordance with subsection (b) of this section.

(f) (1) (i) A **LEASEHOLD** tenant who has given the **[**landlord**] GROUND LEASE HOLDER** notice in accordance with subsection (b) of this section may apply to the

State Department of Assessments and Taxation to redeem a ground rent as provided in this subsection.

(ii) When the Mayor and City Council of Baltimore City acquires property that is subject to an irredeemable ground rent, the City shall become the **LEASEHOLD** tenant of the ground rent and, after giving the **[**landlord**]** **GROUND LEASE HOLDER** notice in accordance with subsection (b) of this section, may apply to the State Department of Assessments and Taxation to extinguish the ground rent as provided in this subsection.

(iii) When the Mayor and City Council of Baltimore City acquires abandoned or distressed property that is subject to a redeemable ground rent, the City shall become the **LEASEHOLD** tenant of the ground rent and, after giving the **[**landlord**]** **GROUND LEASE HOLDER** notice in accordance with subsection (b) of this section, may apply to the State Department of Assessments and Taxation to redeem the ground rent as provided in this subsection.

(2) The **LEASEHOLD** tenant shall provide to the State Department of Assessments and Taxation:

(i) Documentation satisfactory to the Department of the **GROUND** lease and the notice given to the **[**landlord**]** **GROUND LEASE HOLDER**; and

(ii) Payment of a $20 fee, and any expediting fee required under § 1–203 of the Corporations and Associations Article.

(3) (i) On receipt of the items stated in paragraph (2) of this subsection, the Department shall post notice on its website that application has been made to redeem or extinguish the ground rent.

(ii) The notice shall remain posted for at least 90 days.

(4) Except as provided in paragraph (5) of this subsection, no earlier than 90 days after the application has been posted as provided in paragraph (3) of this subsection, a **LEASEHOLD** tenant seeking to redeem a ground rent shall provide to the Department:

(i) Payment of the redemption amount and up to 3 years' **[**back**]** **PAST DUE GROUND** rent to the extent required under this section and **[**§ 8–111.1**]** **§ 8–806** of this subtitle, in a form satisfactory to the Department; and

(ii) An affidavit made by the **LEASEHOLD** tenant, in the form adopted by the Department, certifying that:

1. The **LEASEHOLD** tenant has not received a bill for ground rent due or other communication from the **[**landlord**]** **GROUND LEASE HOLDER** regarding

the ground rent during the 3 years immediately before the filing of the documentation required for the issuance of a redemption certificate under this subsection; or

2. The last payment for ground rent was made to the **[**landlord**]** **GROUND LEASE HOLDER** identified in the affidavit and sent to the same address where the notice required under subsection (b) of this section was sent.

(5) No earlier than 90 days after the application has been posted as provided in paragraph (3) of this subsection, a **LEASEHOLD** tenant seeking to extinguish an irredeemable ground rent or to redeem a redeemable ground rent on abandoned or distressed property that was acquired or is being acquired by the Mayor and City Council of Baltimore shall provide to the Department:

(i) Payment of up to 3 years' **[**back**]** **PAST DUE GROUND** rent to the extent required under this section and **[**§ 8–111.1**]** **§ 8–806** of this subtitle, in a form satisfactory to the Department; and

(ii) An affidavit made by the ~~Director of the Office of Property Acquisition and Relocation in~~ **COMMISSIONER OF** the Baltimore City Department of Housing and Community Development **OR THE COMMISSIONER'S DESIGNEE** certifying that:

1. The property is abandoned property, as defined in § 21–17(a)(2) of the Public Local Laws of Baltimore City, or distressed property, as defined in § 21–17(a)(3) of the Public Local Laws of Baltimore City;

2. The property was acquired or is being acquired by the Mayor and City Council of Baltimore City; **AND**

3. **[**The landlord of the property has not registered the ground lease with the State Department of Assessments and Taxation under Subtitle 7 of this title; and

4.**]** The existence of the ground rent is an impediment to redevelopment of the site.

(6) At any time, the **LEASEHOLD** tenant may submit to the Department notice that the **LEASEHOLD** tenant is no longer seeking redemption or extinguishment under this subsection.

(7) Upon receipt of the documentation, fees, and, where applicable, the redemption amount and 3 years' **[**back**]** **PAST DUE GROUND** rent to the extent required under this section and **[**§ 8–111.1**]** **§ 8–806** of this subtitle, the Department shall issue to the **LEASEHOLD** tenant a ground rent redemption certificate or a ground rent extinguishment certificate, as appropriate.

(8) The redemption or extinguishment of the ground rent is effective to conclusively vest a fee simple title in the **LEASEHOLD** tenant, free and clear of any and all right, title, or interest of the **[**landlord**]** **GROUND LEASE HOLDER**, any lien of a creditor of the **[**landlord**]** **GROUND LEASE HOLDER**, and any person claiming by, through, or under the **[**landlord**]** **GROUND LEASE HOLDER** when the **LEASEHOLD** tenant records the certificate in the land records of the county in which the property is located.

(9) The **[**landlord**]** **GROUND LEASE HOLDER**, any creditor of the **[**landlord**]** **GROUND LEASE HOLDER**, or any other person claiming by, through, or under the **[**landlord**]** **GROUND LEASE HOLDER** may file a claim with the Department in order to collect all, or any portion of, where applicable, the redemption amount and 3 years' **[**back**]** **PAST DUE GROUND** rent to the extent required under this section and **[**§ 8–111.1**]** **§ 8–806** of this subtitle, without interest, by providing to the Department:

(i) Documentation satisfactory to the Department of the claimant's interest; and

(ii) Payment of a $20 fee, and any expediting fee required under § 1–203 of the Corporations and Associations Article.

(10) (i) A **[**landlord**]** **GROUND LEASE HOLDER** whose ground rent has been extinguished may file a claim with the Baltimore City Director of Finance to collect an amount equal to the annual **GROUND** rent reserved multiplied by 16.66, which is capitalization at 6 percent, by providing to the Director:

1. Proof of payment to the **[**landlord**]** **GROUND LEASE HOLDER** by the Department of **[**back**]** **PAST DUE GROUND** rent under paragraph (9) of this subsection; and

2. Payment of a $20 fee.

(ii) A **[**landlord**]** **GROUND LEASE HOLDER** of abandoned or distressed property acquired by the Mayor and City Council of Baltimore City whose ground rent has been redeemed may file a claim with the Baltimore City Director of Finance to collect the redemption amount, by providing to the Director:

1. Proof of payment to the **[**landlord**]** **GROUND LEASE HOLDER** by the Department of **[**back**]** **PAST DUE GROUND** rent under paragraph (9) of this subsection; and

2. Payment of a $20 fee.

(11) (i) In the event of a dispute regarding the extinguishment amount as calculated under paragraph (10)(i) of this subsection, the **[**landlord**]** **GROUND LEASE**

HOLDER may refuse payment from the Baltimore City Director of Finance and file an appeal regarding the valuation in the Circuit Court of Baltimore City.

(ii) In an appeal, the **[**landlord**]** **GROUND LEASE HOLDER** is entitled to receive the fair market value of the **[**landlord's**]** **GROUND LEASE HOLDER'S** interest in the property at the time of the extinguishment.

(12) In the event of a dispute regarding the payment by the Department to any person of all or any portion of the collected redemption amount and up to 3 years' **[**back**]** **PAST DUE GROUND** rent to the extent required by this section and **[**§ 8–111.1**]** **§ 8–806** of this subtitle, the Department may:

(i) File an interpleader action in the circuit court of the county where the property is located; or

(ii) Reimburse the **[**landlord**]** **GROUND LEASE HOLDER** from the fund established in § 1–203.3 of the Corporations and Associations Article.

(13) The Department is not liable for any sum received by the Department that exceeds the sum of:

(i) The redemption amount; and

(ii) Up to 3 years' **[**back**]** **PAST DUE GROUND** rent to the extent required by this section and **[**§ 8–111.1**]** **§ 8–806** of this subtitle.

(14) The Department shall credit all fees and funds collected under this subsection to the fund established under § 1–203.3 of the Corporations and Associations Article. Redemption and extinguishment amounts received shall be held in a ground rent redemption and ground rent extinguishment account in that fund.

(15) The Department shall maintain a list of properties for which ground rents have been redeemed or extinguished under this subsection.

(16) The Department shall adopt regulations to carry out the provisions of this subsection.

(17) Any redemption or extinguishment funds not collected by a **[**landlord**]** **GROUND LEASE HOLDER** under this subsection within 20 years after the date of the payment to the Department by the **LEASEHOLD** tenant shall escheat to the State. The Department shall annually transfer any funds that remain uncollected after 20 years to the State General Fund at the end of each fiscal year.

[8–110.1.**]** **8–805.**

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

(2) **[**"Ground lease" means a residential lease or sublease for a term of years renewable forever subject to the payment of a periodic ground rent.

(3) (i) "Ground lease holder" means the holder of the reversionary interest under a ground lease.

(ii) "Ground lease holder" includes an agent of the ground lease holder.

(4) "Ground rent" means a rent issuing out of, or collectible in connection with, the reversionary interest under a ground lease.

(5)**]** "Irredeemable ground rent" means a ground rent created under a ground lease executed before April 9, 1884, that does not contain a provision allowing the leasehold tenant to redeem the ground rent.

[(6) "Leasehold interest" means the tenancy in real property created under a ground lease.

(7) "Leasehold tenant" means the holder of the leasehold interest under a ground lease.

(8)**] (3)** "Redeemable ground rent" means a ground rent that may be redeemed in accordance with this section or redeemed or extinguished in accordance with **[**§ 8–110(f)**] § 8–804(F)** of this subtitle.

(b) **[**(1) This section applies to residential property that is or was used, intended to be used, or authorized to be used for four or fewer dwelling units.

(2) This section does not apply to property:

(i) Leased for business, commercial, manufacturing, mercantile, or industrial purposes, or any other purpose that is not primarily residential;

(ii) Improved or to be improved by any apartment, condominium, cooperative, or other building for multifamily use of greater than four dwelling units; or

(iii) Leased for dwellings or mobile homes that are erected or placed in a mobile home development or mobile home park.

(c)**]** (1) An irredeemable ground rent shall be converted to, and become, a redeemable ground rent, unless within the time specified in subsection **[**(f)**](E)** of this section, a notice of intention to preserve irredeemability is recorded.

(2) The conversion of an irredeemable ground rent to a redeemable ground rent occurs on the day following the end of the period in which the notice may be recorded.

(3) A disability or lack of knowledge of any kind does not prevent the conversion of an irredeemable ground rent to a redeemable ground rent if no notice of intention to preserve irredeemability is filed within the time specified in subsection **[**(f)**] (E)** of this section.

[(d)**] (C)** (1) Any ground lease holder of an irredeemable ground rent may record a notice of intention to preserve irredeemability among the land records of the county where the land is located.

(2) The notice may be recorded by:

(i) The person claiming to be the ground lease holder; or

(ii) If the ground lease holder is under a disability or otherwise unable to assert a claim on the ground lease holder's own behalf, any other person acting on the ground lease holder's behalf.

[(e)**] (D)** (1) To be effective and to be entitled to be recorded, the notice shall be executed by the ground lease holder, acknowledged before a notary public, and contain substantially the following information:

(i) An accurate description of the leasehold interest affected by the notice, including, if known, the property improvement address;

(ii) The name of every ground lease holder of an irredeemable ground rent;

(iii) The name of every leasehold tenant as of the time the notice is filed according to the land records or the records of the State Department of Assessments and Taxation;

(iv) The recording reference of the ground lease;

(v) The recording reference of every leasehold tenant's leasehold deed, as of the time the notice is filed, according to the land records or the records of the State Department of Assessments and Taxation;

(vi) The recording reference of every irredeemable ground rent ground lease holder's deed; and

(vii) The block number for the leasehold interest if the property is located in Baltimore City.

(2) (i) A notice that substantially meets the requirements of this section shall be accepted for recording among the land records on payment of the same fees as are charged for the recording of deeds.

(ii) The filing of a notice is exempt from the imposition of a State or local excise tax.

(3) The notice shall be indexed as "Notice of Intention to Preserve Irredeemability":

(i) In the grantee indices of deeds under the name of every ground lease holder of an irredeemable ground rent;

(ii) In the grantor indices of deeds under the name of every leasehold tenant as of the time the notice is filed according to the land records or the records of the State Department of Assessments and Taxation; and

(iii) In the block index in Baltimore City.

[(f)**] (E)** (1) To preserve the irredeemability of an irredeemable ground rent, a notice of intention to preserve shall be recorded on or before December 31, 2010.

(2) If a notice of intention to preserve is not recorded on or before December 31, 2010, the ground rent becomes a redeemable ground rent.

(3) If a notice is recorded on or before December 31, 2010, the ground rent shall remain irredeemable for a period of 10 years from January 1, 2011, to December 31, 2020, both inclusive.

(4) (i) The effectiveness of a filed notice to preserve irredeemability shall lapse on January 1, 2021, and the ground rent shall become a redeemable ground rent, unless a renewal notice containing substantially the same information as the notice of intention to preserve irredeemability is recorded within 6 months before the expiration of the 10–year period set forth in paragraph (3) of this subsection.

(ii) The effectiveness of any subsequently filed renewal notice shall lapse after the expiration of the applicable 10–year period and the ground rent shall become a redeemable ground rent, unless further renewal notices are recorded within 6 months before the expiration of the applicable 10–year period.

[(g)**] (F)** A ground rent made redeemable in accordance with this section:

(1) Is redeemable at any time following the date of conversion of the irredeemable ground rent to a redeemable ground rent; and

(2) Shall be redeemable for a sum equal to the annual rent reserved multiplied by 16.66, which is capitalization at 6 percent.

[8–111.1.**] 8–806.**

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

(b)**]** In any suit, action, or proceeding by a **[**landlord**] GROUND LEASE HOLDER**, or the transferee of the reversion in **[**leased**]** property **SUBJECT TO A GROUND LEASE**, to recover **[**back**] PAST DUE GROUND** rent, the **[**landlord**] GROUND LEASE HOLDER**, or the transferee of the reversion **[**in leased property**]** is entitled to demand or recover not more than 3 years **[**back**] PAST DUE GROUND** rent***, CALCULATED FROM THE DATE NOTICE WAS SENT UNDER § 8–807(C)(1) OF THIS SUBTITLE***.

(B) IF AUTHORIZED UNDER THE GROUND LEASE, A GROUND LEASE HOLDER MAY ~~NOT RECEIVE REIMBURSEMENT FOR ANY ADDITIONAL COSTS OR EXPENSES RELATED TO COLLECTION OF THE PAST DUE GROUND RENT, EXCEPT~~ BE REIMBURSED FOR REASONABLE LATE FEES, INTEREST, COLLECTION COSTS, AND EXPENSES, SUBJECT TO THE SAME LIMITATIONS AS PROVIDED IN § 8–807 OF THIS SUBTITLE.

(c) (1) Notwithstanding any other provision of law, in any suit, action, or proceeding to recover **[**back**] PAST DUE GROUND** rent, a **[**landlord or**] GROUND LEASE** holder **[**of a ground rent**]** may only recover not more than 3 years **[**back**] PAST DUE GROUND** rent***, CALCULATED FROM THE DATE NOTICE WAS SENT UNDER § 8–807(C)(1) OF THIS SUBTITLE,*** if the property is:

(i) Owned or acquired by any means by the Mayor and City Council of Baltimore; and

(ii) Abandoned property, as defined in § 21–17(a)(2) of the Public Local Laws of Baltimore City, or distressed property, as defined in § 21–17(a)(3) of the Public Local Laws of Baltimore City.

(2) With regard to property described under paragraph (1) of this subsection, a **[**landlord**] GROUND LEASE HOLDER** may request in writing that the Mayor and City Council of Baltimore acquire the reversionary interest under the ground **[**rent**] LEASE** for the market value established at the time of the acquisition by the Mayor and City Council of the leasehold interest under the ground **[**rent**] LEASE**.

8–807.

(A) FOR PROPERTY SUBJECT TO A GROUND LEASE IN EFFECT ON OR AFTER JULY 1, 2007, A GROUND LEASE HOLDER MAY BRING AN ACTION ~~TO REENTER~~ FOR POSSESSION FOR NONPAYMENT OF GROUND RENT ONLY:

(1) IF THE GROUND LEASE HOLDER HAS THE LAWFUL RIGHT TO ~~REENTER~~ CLAIM POSSESSION FOR NONPAYMENT OF GROUND RENT;

(2) IF THE GROUND LEASE IS REGISTERED WITH THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION UNDER SUBTITLE 7 OF THIS TITLE;

(3) IF THE PAYMENT OF GROUND RENT IS AT LEAST 6 MONTHS IN ARREARS; AND

(4) AS PROVIDED UNDER THIS SECTION.

(B) A HOLDER OF A SECURED INTEREST IN THE PROPERTY THAT IS SUBJECT TO THE GROUND LEASE, OR ANY PORTION OF THE GROUND LEASE, THAT IS RECORDED IN THE LAND RECORDS OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED MAY CURE THE DEFAULT BY PAYING THE OUTSTANDING AMOUNT DUE, INCLUDING, IF AUTHORIZED UNDER THE GROUND LEASE, REASONABLE LATE FEES, INTEREST, ~~AND COLLECTION COSTS~~ COLLECTION COSTS, AND EXPENSES SUBJECT TO THE SAME PROVISIONS THAT ARE APPLICABLE TO A LEASEHOLD TENANT WHO CURES A DEFAULT AFTER RECEIVING NOTICE UNDER SUBSECTION *(C) OR* (D) OF THIS SECTION OR RECEIVING PERSONAL SERVICE OF PROCESS IN AN ACTION FILED UNDER SUBSECTION (F) OF THIS SECTION.

(C) (1) NO LESS THAN 60 DAYS BEFORE FILING AN ACTION ~~TO REENTER~~ FOR POSSESSION, THE GROUND LEASE HOLDER SHALL SEND A NOTICE, IN THE FORM REQUIRED UNDER PARAGRAPH (2) OF THIS SUBSECTION, TO THE LEASEHOLD TENANT'S LAST KNOWN ADDRESS AS SHOWN IN THE RECORDS OF THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION, OR OTHER PLACE OF BUSINESS OR RESIDENCE IF KNOWN, BY:

(I) FIRST–CLASS MAIL; AND

(II) CERTIFIED MAIL, RETURN RECEIPT REQUESTED.

(2) THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE IN SUBSTANTIALLY THE SAME FORM AS THE NOTICE CONTAINED ON THE WEB SITE OF THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION.

(3) IF AUTHORIZED UNDER THE GROUND LEASE, A GROUND LEASE HOLDER MAY BE REIMBURSED FOR REASONABLE LATE FEES, INTEREST, ~~AND COLLECTION COSTS~~ COLLECTION COSTS, AND EXPENSES NOT EXCEEDING $100, PROVIDED THE OUTSTANDING AMOUNT DUE IS PAID ~~IN RESPONSE TO~~ *AFTER* THE

NOTICE SENT UNDER PARAGRAPH (1) OF THIS SUBSECTION AND BEFORE A NOTICE IS SENT UNDER SUBSECTION (D) OF THIS SECTION.

(D) (1) AFTER NOTICE HAS BEEN SENT UNDER SUBSECTION (C) OF THIS SECTION AND NO LESS THAN 30 DAYS BEFORE FILING AN ACTION ~~TO REENTER~~ FOR POSSESSION, THE GROUND LEASE HOLDER SHALL SEND A NOTICE, IN THE FORM REQUIRED UNDER PARAGRAPH (2) OF THIS SUBSECTION, TO THE LEASEHOLD TENANT'S LAST KNOWN ADDRESS AS SHOWN IN THE RECORDS OF THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION, OR OTHER PLACE OF BUSINESS OR RESIDENCE IF KNOWN, BY:

(I) FIRST–CLASS MAIL; AND

(II) CERTIFIED MAIL, RETURN RECEIPT REQUESTED.

(2) THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE IN 14 POINT BOLD FONT AND INCLUDE:

(I) AN ITEMIZED BILL FOR THE PAYMENT DUE;

(II) THE AMOUNT NECESSARY TO CURE THE DEFAULT, INCLUDING LATE FEES, INTEREST, ~~AND COLLECTION COSTS~~ COLLECTION COSTS, AND EXPENSES AUTHORIZED UNDER PARAGRAPH (3) OF THIS SUBSECTION;

(III) THE NAME AND ADDRESS OF THE PERSON TO WHOM TO SEND THE PAYMENT DUE;

(IV) THE NAME AND CONTACT INFORMATION OF THE PERSON TO CONTACT FOR QUESTIONS ABOUT THE NOTICE; AND

(V) A STATEMENT THAT UNLESS THE DEFAULT IS CURED IN 30 DAYS:

1. THE GROUND LEASE HOLDER INTENDS TO FILE AN ACTION ~~TO REENTER~~ FOR POSSESSION; AND

2. THE LEASEHOLD TENANT MAY BE LIABLE FOR REIMBURSING THE GROUND LEASE HOLDER FOR EXPENSES AND COSTS INCURRED IN CONNECTION WITH THE COLLECTION OF PAST DUE GROUND RENT AND THE FILING OF THE ACTION ~~TO REENTER~~ FOR POSSESSION.

(3) IF AUTHORIZED UNDER THE GROUND LEASE, A GROUND LEASE HOLDER MAY BE REIMBURSED FOR REASONABLE LATE FEES, INTEREST, ~~AND~~

~~COLLECTION COSTS~~ COLLECTION COSTS, AND EXPENSES NOT EXCEEDING $650, INCLUDING:

(I) TITLE ABSTRACT AND EXAMINATION FEES;

(II) JUDGMENT REPORT COSTS;

(III) PHOTOCOPYING AND POSTAGE FEES; AND

(IV) ATTORNEY'S FEES.

(E) (1) THE GROUND LEASE HOLDER SHALL SEND A COPY OF THE NOTICE REQUIRED UNDER SUBSECTION (D) OF THIS SECTION TO ANY HOLDER *OF RECORD* OF A SECURED INTEREST IN THE PROPERTY THAT IS SUBJECT TO THE GROUND LEASE, OR ANY PORTION OF THE GROUND LEASE, THAT IS RECORDED IN THE LAND RECORDS OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED, TO THE ADDRESS SHOWN IN THE LAND RECORDS OR ANOTHER ADDRESS IF KNOWN, BY:

(I) FIRST–CLASS MAIL; AND

(II) CERTIFIED MAIL, RETURN RECEIPT REQUESTED.

(2) THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE ACCOMPANIED BY A STATEMENT THAT THE HOLDER OF A SECURED INTEREST MAY:

(I) CURE THE DEFAULT BY PAYING THE OUTSTANDING AMOUNT DUE, INCLUDING REASONABLE LATE FEES, INTEREST, ~~AND COLLECTION COSTS~~ COLLECTION COSTS, AND EXPENSES AUTHORIZED UNDER SUBSECTION (D)(3) OF THIS SECTION; OR

(II) 1. REDEEM THE PROPERTY IN ACCORDANCE WITH § 8–804 OF THIS SUBTITLE; AND

2. CURE THE DEFAULT BY PAYING THE OUTSTANDING AMOUNT DUE, INCLUDING REASONABLE LATE FEES, INTEREST, ~~AND COLLECTION COSTS~~ COLLECTION COSTS, AND EXPENSES AUTHORIZED UNDER SUBSECTION (D)(3) OF THIS SECTION.

(3) IF NOTICE IS NOT SENT TO A HOLDER *OF RECORD* OF A SECURED INTEREST IN THE PROPERTY THAT IS SUBJECT TO THE GROUND LEASE, OR ANY PORTION OF THE GROUND LEASE, THAT IS RECORDED IN THE LAND RECORDS OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED, A JUDGMENT IN FAVOR OF THE

GROUND LEASE HOLDER DOES NOT IMPAIR THE RIGHT OF THE HOLDER OF THE SECURED INTEREST TO ENFORCE THE SECURED INTEREST AGAINST THE PROPERTY.

(F) (1) IF THE DEFAULT IS NOT CURED, THE GROUND LEASE HOLDER MAY FILE IN CIRCUIT COURT AN ACTION ~~TO REENTER~~ FOR POSSESSION NO LESS THAN 30 DAYS AFTER NOTICE IS SENT UNDER SUBSECTION (D) OF THIS SECTION.

(2) AN ACTION FILED UNDER THIS SUBSECTION SHALL BE ACCOMPANIED BY:

(I) AN ITEMIZED BILL FOR THE PAYMENT DUE;

(II) THE AMOUNT NECESSARY TO CURE THE DEFAULT, INCLUDING REASONABLE LATE FEES, INTEREST, ~~AND COLLECTION COSTS~~ COLLECTION COSTS, AND EXPENSES AUTHORIZED UNDER PARAGRAPH (3) OF THIS SUBSECTION;

(III) THE NAME AND ADDRESS OF THE PERSON TO WHOM TO SEND THE PAYMENT DUE;

(IV) AN AFFIDAVIT AFFIRMING COMPLIANCE WITH THE NOTICE REQUIREMENTS UNDER SUBSECTIONS (B), (C), AND (D) OF THIS SECTION, INCLUDING COPIES OF THE PROOFS OF MAILING FROM THE UNITED STATES POSTAL SERVICE; AND

(V) A LIST OF EACH HOLDER *OF RECORD* OF A SECURED INTEREST IN THE PROPERTY THAT IS SUBJECT TO THE GROUND LEASE, OR ANY PORTION OF THE GROUND LEASE, THAT IS RECORDED IN THE LAND RECORDS OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED.

(3) IF AUTHORIZED UNDER THE GROUND LEASE, A GROUND LEASE HOLDER MAY BE REIMBURSED FOR REASONABLE LATE FEES, INTEREST, ~~AND COLLECTION COSTS~~ COLLECTION COSTS, AND EXPENSES, INCLUDING:

(I) FILING FEES AND COURT COSTS;

(II) EXPENSES INCURRED IN THE SERVICE OF PROCESS OR OTHERWISE PROVIDING NOTICE;

(III) REASONABLE ATTORNEY'S FEES NOT EXCEEDING $500; AND

(IV) TAXES, INCLUDING INTEREST AND PENALTIES, THAT HAVE BEEN PAID BY THE GROUND LEASE HOLDER OR PLAINTIFF.

(G) (1) PERSONAL SERVICE OF PROCESS IN AN ACTION FILED UNDER SUBSECTION (F) OF THIS SECTION SHALL BE MADE IN ACCORDANCE WITH THE MARYLAND RULES.

(2) THE INDIVIDUAL MAKING SERVICE OF PROCESS UNDER THIS SUBSECTION SHALL FILE PROOF OF SERVICE WITH THE COURT IN ACCORDANCE WITH THE MARYLAND RULES.

(H) (1) A HOLDER *OF RECORD* OF A SECURED INTEREST IN THE PROPERTY THAT IS SUBJECT TO THE GROUND LEASE, OR ANY PORTION OF THE GROUND LEASE, THAT IS RECORDED IN THE LAND RECORDS OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED, SHALL BE MADE A PARTY, AS PROVIDED UNDER THE MARYLAND RULES, TO AN ACTION FILED UNDER SUBSECTION (F) OF THIS SECTION.

(2) THE GROUND LEASE HOLDER SHALL SEND TO EACH HOLDER *OF RECORD* OF A SECURED INTEREST THAT IS MADE A PARTY TO THE ACTION UNDER PARAGRAPH (1) OF THIS SUBSECTION A STATEMENT THAT THE HOLDER OF A SECURED INTEREST MAY:

(I) CURE THE DEFAULT BY PAYING THE OUTSTANDING AMOUNT DUE, INCLUDING REASONABLE LATE FEES, INTEREST, ~~AND COLLECTION COSTS~~ COLLECTION COSTS, AND EXPENSES AUTHORIZED UNDER SUBSECTION (F)(3) OF THIS SECTION; OR

(II) 1. REDEEM THE PROPERTY IN ACCORDANCE WITH § 8–804 OF THIS SUBTITLE; AND

2. CURE THE DEFAULT BY PAYING THE OUTSTANDING AMOUNT DUE, INCLUDING REASONABLE LATE FEES, INTEREST, ~~AND COLLECTION COSTS~~ COLLECTION COSTS, AND EXPENSES AUTHORIZED UNDER SUBSECTION (F)(3) OF THIS SECTION.

(3) IF A HOLDER *OF RECORD* OF A SECURED INTEREST IS NOT MADE A PARTY TO THE ACTION AS PROVIDED UNDER PARAGRAPH (1) OF THIS SUBSECTION, A JUDGMENT IN FAVOR OF THE GROUND LEASE HOLDER DOES NOT IMPAIR THE RIGHT OF THE HOLDER OF THE SECURED INTEREST TO ENFORCE THE SECURED INTEREST AGAINST THE PROPERTY.

(I) WITHIN 6 MONTHS AFTER EXECUTION OF A ~~JUDGMENT FOR~~ WRIT OF POSSESSION IN FAVOR OF THE GROUND LEASE HOLDER, THE LEASEHOLD TENANT OR ANY OTHER PERSON CLAIMING UNDER THE GROUND LEASE MAY:

(1) PAY THE PAST DUE GROUND RENT AND ANY LATE FEES, INTEREST, ~~OR COLLECTION COSTS~~ COLLECTION COSTS, AND EXPENSES AUTHORIZED UNDER THIS SECTION; AND

(2) COMMENCE A PROCEEDING TO OBTAIN RELIEF FROM THE ~~JUDGMENT~~ WRIT.

(J) (1) EXCEPT AS PROVIDED IN THIS SECTION, A GROUND LEASE HOLDER OR PLAINTIFF IS NOT ENTITLED TO REIMBURSEMENT FOR ANY COSTS OR EXPENSES RELATED TO THE COLLECTION OF GROUND RENT.

(2) A GROUND LEASE HOLDER OR PLAINTIFF MAY NOT RECEIVE A WRIT OF POSSESSION OR REIMBURSEMENT FOR ANY COSTS OR EXPENSES RELATED TO THE COLLECTION OF GROUND RENT UNLESS ALL THE NOTICE REQUIREMENTS OF THIS SECTION ARE MET.

(K) IF A GROUND LEASE HOLDER RECEIVES AND EXECUTES A WRIT OF POSSESSION, AND IF AUTHORIZED UNDER THE GROUND LEASE, THE GROUND LEASE HOLDER MAY ~~NOT RECEIVE REIMBURSEMENT FOR ANY COSTS OR EXPENSES RELATED TO THE COLLECTION OF GROUND RENT, INCLUDING ANY LATE FEES, INTEREST, OR~~ BE REIMBURSED FOR REASONABLE LATE FEES, INTEREST, COLLECTION COSTS, AND EXPENSES AS SPECIFIED IN SUBSECTION (C)(3), (D)(3), OR (F)(3) OF THIS SECTION.

(L) THIS SECTION DOES NOT PRECLUDE A GROUND LEASE HOLDER FROM USING OTHER LEGAL MEANS TO ENFORCE A GROUND LEASE.

[14–116.**] 8–808.**

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

(2) "Ground lease" means a residential lease or sublease for a term of years renewable forever subject to the payment of a periodic ground rent.

(3) (i) "Ground lease holder" means the holder of the reversionary interest under a ground lease.

(ii) "Ground lease holder" includes an agent of the ground lease holder.

(4) "Ground rent" means a rent issuing out of, or collectible in connection with, the reversionary interest under a ground lease.

(5) "Leasehold interest" means the tenancy in real property created under a ground lease.

(6) "Leasehold tenant" means the holder of the leasehold interest under a ground lease.

(b) (1) This section applies to residential property that was or is used, intended to be used, or authorized to be used for four or fewer dwelling units.

(2) This section does not apply to property:

(i) Leased for business, commercial, manufacturing, mercantile, or industrial purposes, or any other purpose that is not primarily residential;

(ii) Improved or to be improved by any apartment, condominium, cooperative, or other building for multifamily use of greater than four dwelling units; or

(iii) Leased for dwellings or mobile homes that are erected or placed in a mobile home development or mobile home park.

(c)**]** Within 30 days of any change of address of a leasehold tenant, the leasehold tenant shall notify the ground lease holder of the change, including the new address and the date of the change.

[(d)**] (B)** Within 30 days of any transfer of **[**improvements located**] A LEASEHOLD INTEREST** on property subject to a ground **[**rent**] LEASE**, the leasehold tenant shall notify the ground lease holder of the transfer. The notification shall include the name and address of the transferee, and date of transfer.

[(e)**] (C)** A leasehold tenant shall send notice under this section to the last known address of the ground lease holder.

[14–116.1.**] 8–809.**

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

(2) "Ground lease" means a residential lease or sublease for a term of years renewable forever subject to the payment of a periodic ground rent.

(3) (i) "Ground lease holder" means the holder of the reversionary interest under a ground lease.

(ii) "Ground lease holder" includes an agent of the ground lease holder.

(4) "Ground rent" means a rent issuing out of, or collectible in connection with, the reversionary interest under a ground lease.

(5) "Leasehold interest" means the tenancy in real property created under a ground lease.

(6) "Leasehold tenant" means the holder of the leasehold interest under a ground lease.

(b) (1) This section applies to residential property that was or is used, intended to be used, or authorized to be used for four or fewer dwelling units.

(2) This section does not apply to property:

(i) Leased for business, commercial, manufacturing, mercantile, or industrial purposes, or any other purpose that is not primarily residential;

(ii) Improved or to be improved by any apartment, condominium, cooperative, or other building for multifamily use of greater than four dwelling units; or

(iii) Leased for dwellings or mobile homes that are erected or placed in a mobile home development or mobile home park.

(c)**]** A ground lease holder may not collect a yearly or half–yearly installment payment of a ground rent due under the ground lease unless:

(1) The ground lease is registered with the State Department of Assessments and Taxation under Title 8, Subtitle 7 of this article; and

(2) At least 60 days before the payment is due, the ground lease holder mails a bill to the last known address of the leasehold tenant and to the address of the property subject to the ground lease.

[(d)**] (B)** The bill shall include a notice in boldface type, at least as large as 14 point, in substantially the following form:

"NOTICE REQUIRED BY MARYLAND LAW
REGARDING YOUR GROUND RENT

This property (address) is subject to a ground lease. The annual payment on the ground lease ("ground rent") is $(dollar amount), payable in yearly or half–yearly installments on (date or dates).

The next ground rent payment is due (day, month, year) in the amount of $(dollar amount).

The payment of the ground rent should be sent to:
(name of ground lease holder)
(address)
(phone number)

NOTE REGARDING YOUR RIGHTS AND RESPONSIBILITIES UNDER MARYLAND LAW:

The ground lease holder is required to register the ground lease with the State Department of Assessments and Taxation and is prohibited from collecting ground rent payments unless the ground lease is registered. If the ground lease is registered, as the owner of this property, you are obligated to pay the ground rent to the ground lease holder. To determine whether the ground lease is registered, you may check the Web site of the State Department of Assessments and Taxation. It is also your responsibility to notify the ground lease holder if you change your address or transfer ownership of the property.

If you fail to pay the ground rent on time, you are still responsible for paying the ground rent. In addition, **IF** the ground lease holder **[**may take action**] FILES AN ACTION IN COURT** to collect the past due ground rent**, YOU MAY BE REQUIRED TO PAY THE GROUND LEASE HOLDER FOR FEES AND COSTS ASSOCIATED WITH THE COLLECTION OF THE PAST DUE GROUND RENT. IN ADDITION, THE GROUND LEASE HOLDER MAY ALSO FILE AN ACTION IN COURT TO TAKE POSSESSION OF THE PROPERTY,** which may result **IN YOUR BEING RESPONSIBLE FOR ADDITIONAL FEES AND COSTS AND** ultimately in your loss of the property. Please note that under Maryland law, a ground lease holder may demand not more than 3 years of past due ground rent**, AND THERE ARE LIMITS ON HOW MUCH A GROUND LEASE HOLDER MAY BE REIMBURSED FOR FEES AND COSTS**. If you fail to pay the ground rent on time, you should contact a lawyer for advice.

As the owner of this property, you are entitled to redeem, or purchase, the ground lease from the ground lease holder and obtain absolute ownership of the property. **[**The redemption amount is fixed by law but may also be negotiated with the ground lease holder for a different amount. For information on redeeming**] UNLESS YOU AND THE GROUND LEASE HOLDER AGREE TO A LESSER AMOUNT, THE AMOUNT TO REDEEM YOUR GROUND LEASE IS _____. IF YOU WISH TO REDEEM** the ground lease, contact the ground lease holder. If the identity of the ground lease holder is unknown, the State Department of Assessments and Taxation provides a process to redeem the ground lease that may result in your obtaining absolute ownership of the property. If you would like to obtain absolute ownership of this property, you should contact a lawyer for advice.".

[14–116.2.**] 8–810.**

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

(2) "Ground lease" means a residential lease or sublease for a term of years renewable forever subject to the payment of a periodic ground rent.

(3) (i) "Ground lease holder" means the holder of the reversionary interest under a ground lease.

(ii) "Ground lease holder" includes an agent of the ground lease holder.

(4) "Ground rent" means a rent issuing out of, or collectible in connection with, the reversionary interest under a ground lease.

(5) "Leasehold tenant" means the holder of the leasehold interest under a ground lease.

(6) "Redeemable ground rent" means a ground rent that may be redeemed in accordance with § 8–110 of this article.

(b) (1) This section applies to residential property that is or was used, intended to be used, or authorized to be used for four or fewer dwelling units.

(2) This section does not apply to property:

(i) Leased for business, commercial, manufacturing, mercantile, or industrial purposes, or any other purpose that is not primarily residential;

(ii) Improved or to be improved by any apartment, condominium, cooperative, or other building for multifamily use of greater than four dwelling units; or

(iii) Leased for dwellings or mobile homes that are erected or placed in a mobile home development or mobile home park.

(c)**]** Within 30 days after any transfer of a ground lease, the transferee shall notify the leasehold tenant of the transfer.

[(d)**] (B)** (1) The notification shall include the name and address of the new ground lease holder and the date of the transfer.

(2) If the property is subject to a redeemable ground rent, the notification shall also include the following notice:

"As the owner of the property subject to this ground lease, you are entitled to redeem, or purchase, the ground lease from the ground lease holder and obtain absolute ownership of the property. The redemption amount is fixed by law but may also be negotiated with the ground lease holder for a different amount. For information on redeeming the ground lease, contact the ground lease holder."

[(e)**] (C)** A ground lease holder shall send notice under this section to the last known address of the leasehold tenant.

14–117.

[(a) (1) (i) In this subsection the following words have the meanings indicated.

(ii) "Ground lease" means a residential lease or sublease for a term of years renewable forever subject to the payment of a periodic ground rent.

(iii) 1. "Ground lease holder" means the holder of the reversionary interest under a ground lease.

2. "Ground lease holder" includes an agent of the ground lease holder.

(iv) "Ground rent" means a rent issuing out of, or collectible in connection with, the reversionary interest under a ground lease.

(v) "Leasehold interest" means the tenancy in real property created under a ground lease.

(vi) "Leasehold tenant" means the holder of the leasehold interest under a ground lease.

(2) (i) This subsection applies to residential property that was or is used, intended to be used, or authorized to be used for four or fewer dwelling units.

(ii) This subsection does not apply to property:

1. Leased for business, commercial, manufacturing, mercantile, or industrial purposes, or any other purpose that is not primarily residential;

2. Improved or to be improved by any apartment, condominium, cooperative, or other building for multifamily use of greater than four dwelling units; or

3. Leased for dwellings or mobile homes that are erected or placed in a mobile home development or mobile home park.**]**

8–811.

[(3)**]** A contract for the sale of real property subject to a ground rent shall contain the following notice in boldface type, at least as large as 14 point, in substantially the following form:

"NOTICE REQUIRED BY MARYLAND LAW
REGARDING YOUR GROUND RENT

This property (address) is subject to a ground lease. The annual payment on the ground lease ("ground rent") is $(dollar amount), payable in yearly or half–yearly installments on (date or dates).

The next ground rent payment is due (day, month, year) in the amount of $(dollar amount).

The payment of the ground rent should be sent to:
(name of ground lease holder)
(address)
(phone number)

NOTE REGARDING YOUR RIGHTS AND RESPONSIBILITIES UNDER MARYLAND LAW:

As the owner of this property, you are obligated to pay the ground rent to the ground lease holder. It is also your responsibility to notify the ground lease holder if you change your address or transfer ownership of the property.

If you fail to pay the ground rent on time, you are still responsible for paying the ground rent. In addition, **IF** the ground lease holder **[**may take action**]** **FILES AN ACTION IN COURT** to collect the past due ground rent**, YOU MAY BE REQUIRED TO PAY THE GROUND LEASE HOLDER FOR FEES AND COSTS ASSOCIATED WITH THE COLLECTION OF THE PAST DUE GROUND RENT. IN ADDITION, THE GROUND LEASE HOLDER MAY ALSO FILE AN ACTION IN COURT TO TAKE POSSESSION OF THE PROPERTY,** which may result **IN YOUR BEING RESPONSIBLE FOR ADDITIONAL FEES AND COSTS AND** ultimately in your loss of the property. Please note that under Maryland law, a ground lease holder may demand not more than 3 years of past due ground rent**, AND THERE ARE LIMITS ON HOW MUCH A GROUND LEASE HOLDER MAY BE REIMBURSED FOR FEES AND COSTS**. If you fail to pay the ground rent on time, you should contact a lawyer for advice.

As the owner of this property, you are entitled to redeem, or purchase, the ground lease from the ground lease holder and obtain absolute ownership of the property. The redemption amount is fixed by law **[**but may also be negotiated with the ground lease holder for a different amount. For information on redeeming**]** **AS FOLLOWS:**

(1) FOR A SUM EQUAL TO THE ANNUAL RENT RESERVED MULTIPLIED BY:

(I) 25, WHICH IS CAPITALIZATION AT 4 PERCENT, IF THE LEASE WAS EXECUTED FROM APRIL 8, 1884, TO APRIL 5, 1888, BOTH INCLUSIVE;

(II) 8.33, WHICH IS CAPITALIZATION AT 12 PERCENT, IF THE LEASE WAS OR IS CREATED AFTER JULY 1, 1982; OR

(III) 16.66, WHICH IS CAPITALIZATION AT 6 PERCENT, IF THE LEASE WAS CREATED AT ANY OTHER TIME;

(2) FOR A LESSER SUM IF SPECIFIED IN THE LEASE; OR

(3) FOR A SUM TO WHICH THE PARTIES MAY AGREE AT THE TIME OF REDEMPTION.

THE AMOUNT TO REDEEM YOUR GROUND LEASE IS _____. IF YOU WISH TO REDEEM the ground lease, contact the ground lease holder. If the identity of the ground lease holder is unknown, the State Department of Assessments and Taxation provides a process to redeem the ground lease that may result in your obtaining absolute ownership of the property. If you would like to obtain absolute ownership of this property, you should contact a lawyer for advice.".

[14–129.**] 8–812.**

(a) This section does not apply to a:

(1) Home equity line of credit;

(2) Loan secured by an indemnity deed of trust; or

(3) Commercial loan.

(b) Before the settlement of a loan secured by a mortgage or deed of trust on residential real property improved by four or fewer single–family units that is subject to a redeemable ground rent, the settlement agent shall notify the borrower that:

(1) The borrower has the right to redeem the ground rent under **[**§ 8–110**] § 8–804** of this **[**article**] SUBTITLE**;

(2) The redemption amount is fixed by law but may also be negotiated with the ground lease holder for a different amount;

(3) It may be possible to include the amount of the redemption in this loan;

(4) For information on redeeming the ground rent, the borrower should contact the ground lease holder; and

(5) For information on including the amount of the redemption in this loan, the borrower should contact the lender or credit grantor making this loan.

14–108.1.

(a) This section does not apply to:

(1) A grantee action under § 14–109 of this subtitle;

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

(3) An action for nonpayment of ground rent under a ground lease on residential property that is or was used, intended to be used, or authorized to be used for four or fewer dwelling units; or

(4) An action for wrongful detainer under § 14–132 of this **[**article**]** **SUBTITLE**.

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

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

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

SECTION 3. AND BE IT FURTHER ENACTED, That Section(s) 14–117(b) through (l), respectively, of Article – Real Property of the Annotated Code of Maryland be renumbered to be Section(s) 14–117(a) through (k), respectively.

SECTION 4. AND BE IT FURTHER ENACTED, That the State Department of Assessments and Taxation shall develop and post on the Department's Web site a sample notice for use in complying with the provisions of § 8–807(c) of the Real Property Article, as enacted by Section 2 of this Act, that is in at least 14 point, bold font, and provides for the inclusion of:

(1) an itemized bill for the amount of payment due;

(2) the amount necessary to cure the default, including late fees, interest, ~~and collection costs~~ collection costs, and expenses as authorized under § 8–807(c)(3) of the Real Property Article, as enacted by Section 2 of this Act;

(3) the name and address of the person to whom to send the payment due;

(4) the name and contact information of the person to contact for questions about the notice;

(5) a statement that unless the default is cured in 60 days:

(i) the ground lease holder intends to file an action ~~to reenter~~ for possession; and

(ii) the leasehold tenant may be liable for reimbursing the ground lease holder for reasonable late fees, interest, ~~and collection costs~~ collection costs, and expenses incurred in connection with the collection of past due ground rent and the filing of an action ~~to reenter~~ for possession; and

(6) information about the Ground Rent Redemption Loan Program in the Department of Housing and Community Development.

SECTION 5. AND BE IT FURTHER ENACTED, That Section(s) 8–402.2(d) and 8–402.3 of Article – Real Property of the Annotated Code of Maryland (2003 Replacement Volume and 2006 Supplement) as in effect on June 30, 2007, be repealed.

SECTION 6. AND BE IT FURTHER ENACTED, That this Act shall take effect ~~June~~ *July* 1, 2015.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.