Chapter 125

(Senate Bill 170)

AN ACT concerning

Real Property – Ground Leases – Past Due Ground Rent

FOR the purpose of clarifying that a ground lease holder may not bring any suit, action, or proceeding against the current leasehold tenant or a former leasehold tenant to recover the ground rent that was due and owing before the date the current leasehold tenant acquired title to the leasehold interest if the ground lease was not registered before the date the current leasehold tenant acquired title under certain circumstances; making a stylistic change; and generally relating to past due ground rent under a ground lease.

BY repealing and reenacting, without amendments,
    Article – Real Property
    Section 8–707
    Annotated Code of Maryland
    (2015 Replacement Volume and 2019 Supplement)

BY repealing and reenacting, with amendments,
    Article – Real Property
    Section 8–806
    Annotated Code of Maryland
    (2015 Replacement Volume and 2019 Supplement)

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

Article – Real Property

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)   Bring an action against the leasehold tenant under Subtitle 8 of this title.

8–806.

(a)   **(1)**   In any suit, action, or proceeding by a ground lease holder, or the transferee of the reversion in property subject to a ground lease, to recover past due ground rent, the ground lease holder, or the transferee of the reversion is entitled to demand or recover not more than 3 years' past due ground rent, calculated from the date notice was sent under § 8–807(c)(1) of this subtitle.

(2)   NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A GROUND LEASE HOLDER MAY NOT BRING ANY SUIT, ACTION, OR PROCEEDING AGAINST THE CURRENT LEASEHOLD TENANT OR A FORMER LEASEHOLD TENANT TO RECOVER THE GROUND RENT THAT WAS DUE AND OWING BEFORE THE DATE THE CURRENT LEASEHOLD TENANT ACQUIRED TITLE TO THE LEASEHOLD INTEREST IF THE GROUND LEASE WAS NOT REGISTERED IN ACCORDANCE WITH SUBTITLE 7 OF THIS TITLE BEFORE THE DATE THE CURRENT LEASEHOLD TENANT ACQUIRED TITLE.

(b)   If authorized under the ground lease, a ground lease holder may 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 past due ground rent, a ground lease holder may only recover not more than 3 years' 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)   Distressed property, as defined in § 21–17(a)(3) of the Public Local Laws of Baltimore City.

(2)   Notwithstanding any other provision of law, a ground lease holder may not bring any suit, action, or proceeding against the current leasehold tenant to recover the ground rent that was due and owing from a former leasehold tenant before the date that the current leasehold tenant acquired title, if the property is:

(i)   Owned or acquired by any means by the current leasehold tenant; and

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

(3)   With regard to property described under paragraphs (1) and (2) of this subsection, a ground lease holder may request in writing that the current leasehold tenant acquire the reversionary interest under the ground lease for the market value established at the time of the acquisition by the current leasehold tenant under the ground lease.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2020.

Enacted under Article II, § 17(c) of the Maryland Constitution, May 8, 2020.