

Chapter 442

(Senate Bill 806)

AN ACT concerning

Real Property – Redemption or Extinguishment of Ground Rents

FOR the purpose of altering a certain provision relating to the effect of a redemption or extinguishment of a certain ground rent to provide that it is effective to conclusively ~~merge~~ divest a certain ground lease holder of a certain reversion into a certain title and vest the reversion in a certain leasehold tenant, and eliminate certain rights, title, or interest of certain individuals; and generally relating to ground leases on residential property.

BY repealing and reenacting, without amendments,
 Article – Real Property
 Section 8–801 and 8–804(f)(7)
 Annotated Code of Maryland
 (2015 Replacement Volume and 2019 Supplement)

BY repealing and reenacting, with amendments,
 Article – Real Property
 Section 8–804(f)(8)
 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

8–801.

- (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.

8–804.

(f) (7) Upon receipt of the documentation, fees, and, where applicable, the redemption amount and 3 years’ past due ground rent to the extent required under this section and § 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] ~~MERGE THE REVERSION INTO THE TITLE~~ **DIVEST THE GROUND LEASE HOLDER OF THE REVERSION AND VEST THE REVERSION IN THE LEASEHOLD TENANT, AND ELIMINATE** all right, title, or interest of the ground lease holder, any lien of a creditor of the ground lease holder, and any person claiming by, through, or under the ground lease holder when the leasehold tenant records the certificate in the land records of the county in which the property is located.

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.