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**By: Delegate Frank**

Introduced and read first time: February 21, 1996

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Condominiums - Creation of Ground Rents**

3 FOR the purpose of clarifying Maryland condominium law to expressly permit a  
4 developer or other person to grant a leasehold estate in an individual unit and  
5 retain the reversionary fee simple estate.

6 BY repealing and reenacting, with amendments,  
7 Article - Real Property  
8 Section 11-102(a)  
9 Annotated Code of Maryland  
10 (1996 Replacement Volume)

11 Preamble

12 WHEREAS, Maryland condominium law does not expressly provide that  
13 individual condominium units may be subjected to a perpetual ground rent (or charge)  
14 applicable only to that unit; and

15 WHEREAS, By retaining the prohibition against subjecting an entire  
16 condominium regime to a single perpetual ground rent (or charge), the integrity of  
17 condominium regimes continues to be protected; and

18 WHEREAS, The type of ground rent (or charge) recognized by this legislation is  
19 not to be treated any differently under law than other ground rents (or charges); and

20 WHEREAS, Sale of an individual condominium unit subject to a perpetual  
21 ground rent (or charge) reduces the capital and financing costs associated with a sale,  
22 making it easier for Maryland citizens to realize home ownership; now, therefore,

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

25 **Article - Real Property**

26 11-102.

27 (a) (1) The fee simple owner or lessee under a lease that exceeds 60 years of  
28 any property in the State may subject the property to a condominium regime by recording

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1 among the land records of the county where the property is located, a declaration, bylaws,  
2 and condominium plat that comply with the requirements specified in this title.

3 (2) Notwithstanding the provisions of paragraph (1) of this subsection, a  
4 leasehold estate may not be subjected to a condominium regime if it is used for  
5 residential purposes unless the State or a county that has adopted charter home rule  
6 under Article XI-A of the Maryland Constitution is the owner of the reversionary fee  
7 simple estate.

8 (3) NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, A  
9 DEVELOPER OR ANY OTHER PERSON SHALL NOT BE PROHIBITED FROM GRANTING  
10 A LEASEHOLD ESTATE IN AN INDIVIDUAL UNIT AND RETAINING THE  
11 REVERSIONARY FEE SIMPLE ESTATE.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
13 June 1, 1996.