
By: Delegate Frank

Introduced and read first time: February 21, 1996
Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 22, 1996

CHAPTER _____

1 AN ACT concerning

2 ~~Condominiums - Creation of Ground Rents~~ Creation of Leasehold Estates

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 residential
5 ~~unit and retain the reversionary fee simple estate; providing for the effective date of~~
6 this Act; providing for the application of this Act; and generally relating to
7 leasehold estates for individual condominium units.

8 BY repealing and reenacting, with amendments,
9 Article - Real Property
10 Section 11-102(a)
11 Annotated Code of Maryland
12 (1996 Replacement Volume)

13 **Preamble**

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

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

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

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

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

6 **Article - Real Property**

7 11-102.

8 (a) (1) The fee simple owner or lessee under a lease that exceeds 60years of
9 any property in the State may subject the property to a condominium regime by recording
10 among the land records of the county where the property is located, a declaration, bylaws,
11 and condominium plat that comply with the requirements specified in this title.

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

17 (3) ~~NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY~~
18 ~~PARAGRAPH (2) OF THIS SUBSECTION OR ANY DECLARATION, RULE, OR BYLAW, A~~
19 ~~DEVELOPER OR ANY OTHER PERSON SHALL MAY NOT BE PROHIBITED FROM~~
20 ~~GRANTING A LEASEHOLD ESTATE IN AN INDIVIDUAL UNIT USED FOR RESIDENTIAL~~
21 ~~PURPOSES AND RETAINING THE REVERSIONARY FEE SIMPLE ESTATE.~~

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
23 construed only prospectively and may not be applied or interpreted to have any effect on
24 or application to any condominium regime that exists on or before the effective date of
25 this Act.

26 SECTION 2- ~~3~~, AND BE IT FURTHER ENACTED, That this Act shall take
27 effect ~~June~~ July 1, 1996.