

By: Senator Madden

Constitutional Requirements Complied with for Introduction in the last 35 Days of Session

Introduced and read first time: March 8, 1996

Rule 32(a) suspended

Assigned to: Rules

Re-referred to: Judicial Proceedings, March 11, 1996

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 19, 1996

CHAPTER _____

1 AN ACT concerning

2 **Redemption of Reversions - Mobile Home Developments**

3 [TAG ftpo]FOR the purpose of ~~providing~~ clarifying that the right of a tenant to redeem a reversion
4 reserved in certain leases does not apply to ~~a tenant who~~ leases of the ground or site
5 upon which a dwelling or mobile home is erected or placed in a mobile home
6 development ~~in the State~~ or mobile home park; providing for the construction of
7 this Act; and generally relating to mobile home developments and parks and the
8 redemption of reversions of certain leases.

9 BY repealing and reenacting, with amendments,

- 10 Article - Real Property
- 11 Section 8-110
- 12 Annotated Code of Maryland
- 13 (1996 Replacement Volume)

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

16 **Article - Real Property**

17 8-110.

18 (a) (1) This section does not apply to leases of property leased for business,
19 commercial, manufacturing, mercantile, or industrial purposes or any other purpose
20 which is not primarily residential, where the term of the lease, including all renewals

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1 provided for, does not exceed 99 years. A lease of the entire property improved or to be
2 improved by any apartment, condominium, cooperative, or other building for
3 multiple-family use on the property constitutes a business and not a residential purpose.
4 The term "multiple-family use" does not apply to any duplex or single-family structure
5 converted to a multiple-dwelling unit.

6 (2) This section does not apply to irredeemable leases executed before April
7 9, 1884.

8 (3) THIS SECTION DOES NOT APPLY TO LEASES OF THE GROUND OR
9 SITE UPON WHICH DWELLINGS OR MOBILE HOMES ARE ERECTED OR PLACED IN A
10 MOBILE HOME DEVELOPMENT ~~IN THE STATE~~ OR MOBILE HOME PARK.

11 (b) Except for apartment and cooperative leases, any reversion reserved in a lease
12 for longer than 15 years is redeemable, at the option of the tenant, after a notice of one
13 month to the landlord:

14 (1) For a sum equal to the annual rent reserved multiplied by:

15 (i) 25, which is capitalization at 4 percent, if the lease was executed
16 from April 8, 1884 to April 5, 1888, both inclusive;

17 (ii) 8.33, which is capitalization at 12 percent, if the lease was or is
18 created after July 1, 1982; or

19 (iii) 16.66, which is capitalization at 6 percent, if the lease was created
20 at any other time;

21 (2) For a lesser sum if specified in the lease; or

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

23 (c) If the lease is executed on or after July 1, 1971, the reversion is redeemable at
24 the expiration of 3 years from the date of the lease. If the lease is executed on or after
25 July 1, 1982 or between July 1, 1969 and July 1, 1971, the reversion is redeemable at the
26 expiration of 5 years from the date of the lease. If the lease is executed before July 1,
27 1969, the reversion is redeemable at any time.

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

31 (e) Notwithstanding subsections (b) and (c) of this section, any regulatory changes
32 made by a federal agency, instrumentality, or subsidiary, including the Department of
33 Housing and Urban Development, the Federal Housing Administration, the Government
34 National Mortgage Association, the Federal National Mortgage Association, and the
35 Veterans' Administration, shall be applicable to redemption of reversions of leases for
36 longer than 15 years.

37 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is intended to
38 clarify existing law and may not be construed to grant a right of redemption of any
39 reversion reserved in leases of ground or sites existing prior to the effective date of this
40 Act.

SENATE BILL 798

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1 SECTION ~~2~~ 3, AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 1996.