

**Department of Legislative Services**  
Maryland General Assembly  
2002 Session

**FISCAL NOTE**  
**Revised**

House Bill 975

(Delegate Montague, *et al.*)

Economic Matters

Judicial Proceedings

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**Real Property - Ground Rents - Reimbursement of Expenses**

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This bill provides that a holder of a ground rent is entitled to reimbursement for expenses incurred in complying with the required notice provision for ejectment actions for property subject to a ground rent, including reasonable attorney's fees of up to \$200. Allowable expenses upon filing a complaint for ejectment are: (1) reasonable expenses incurred; (2) attorney's fees up to \$400; (3) expenses incurred for service of process; (4) reasonable fees for a necessary title search and examination, up to \$200; and (5) taxes, interest, and penalties arising after the date of sale paid by the plaintiff or holder. The plaintiff or holder is entitled to reimbursement for expenses incurred in preparation for an action for ejectment up to \$100.

The bill is effective July 1, 2002. The bill applies only prospectively and has no effect on a suit, action, or proceeding before July 1, 2002.

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**Fiscal Summary**

**State Effect:** The bill would not directly affect governmental operations or finances.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** For leased property not subject to a ground rent, if a court determines that a tenant breached the terms of the lease and that the breach was substantial and warrants

an eviction, the court must give judgment for costs against the tenant or person in possession, in addition to restitution of the possession of the premises to the landlord.

For property subject to a ground lease, a landlord may bring an action for possession of the property 30 days after sending a bill for the ground rent to the tenant's last known address when: (1) at least six months ground rent is in arrears; and (2) the landlord has the right to reenter for nonpayment of the rent. In a suit for back rent on a ground lease, a landlord may demand or recover up to three years back rent. No provision: (1) specifically authorizes a landlord of property subject to a ground rent to claim costs in addition to the back due ground rent; or (2) limits the amount a landlord may claim as costs, including attorney's fees, in addition to the back due rent.

**Background:** Generally, attorney's fees are not recoverable as damages in a civil action absent a requirement in statute, in a contractual agreement, or under the Maryland Rules. Under the Maryland Rules, a court must find that the conduct of a party in maintaining or defending a proceeding was in bad faith or without substantial justification before the court may require the offending party, the attorney advising the conduct, or both to pay the adverse party's costs, including reasonable attorney's fees.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Office of the Attorney General (Consumer Protection Division), Department of Legislative Services

**Fiscal Note History:** First Reader - February 15, 2002  
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