
By: **Senators Conway, Della, Hughes, Jones, and McFadden**

Introduced and read first time: January 31, 2003

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Real Property - Ground Rent - Limit on Costs**

3 FOR the purpose of prohibiting a person from collecting more than a certain amount
4 in additional costs or expenses relating to collection of past due ground rent; and
5 generally relating to ground rent.

6 BY repealing and reenacting, with amendments,
7 Article - Real Property
8 Section 8-111.1 and 8-402.2
9 Annotated Code of Maryland
10 (1996 Replacement Volume and 2002 Supplement)

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

13 **Article - Real Property**

14 8-111.1.

15 (a) This section applies to all residential leases or subleases in effect on or
16 after October 1, 1999, which have an initial term of 99 years and which create a
17 leasehold estate, or subleasehold estate, subject to the payment of an annual ground
18 rent.

19 (b) In any suit, action, or proceeding by a landlord, or the transferee of the
20 reversion in leased property, to recover back rent, the landlord, or the transferee of
21 the reversion in leased property is entitled to demand or recover not more than 3
22 years back rent.

23 (C) IN ADDITION TO RENT PAYABLE UNDER SUBSECTION (B) OF THIS
24 SECTION, A LANDLORD MAY NOT RECEIVE REIMBURSEMENT FOR ANY ADDITIONAL
25 COSTS OR EXPENSES RELATED TO COLLECTION OF THE BACK RENT THAT EXCEED
26 THE LESSER OF:

27 (1) ACTUAL EXPENSES; OR

1 (2) \$400.

2 8-402.2.

3 (a) Whenever, in a case that involves a 99-year ground lease renewable
4 forever, at least 6 months ground rent is in arrears and the landlord has the lawful
5 right to reenter for the nonpayment of the rent, the landlord, no less than 30 days
6 after sending to the tenant by certified mail, return receipt requested, at the tenant's
7 last known address a bill for the ground rent due, may bring an action for possession
8 of the property under § 14-108.1 of this article; if the tenant cannot be personally
9 served or there is no tenant in actual possession of the property, service by posting
10 notice on the property may be made in accordance with the Maryland Rules. Personal
11 service or posting in accordance with the Maryland Rules shall stand in the place of a
12 demand and reentry.

13 (b) (1) Before entry of a judgment the landlord shall give written notice of
14 the pending entry of judgment to each mortgagee of the lease, or any part of the lease,
15 who before entry of the judgment has recorded in the land records of each county
16 where the property is located a timely request for notice of judgment. A request for
17 notice of judgment shall:

18 (i) Be recorded in a separate docket or book that is indexed under
19 the name of the mortgagor;

20 (ii) Identify the property on which the mortgage is held and refer to
21 the date and recording reference of that mortgage;

22 (iii) State the name and address of the holder of the mortgage; and

23 (iv) Identify the ground lease by stating:

24 1. The name of the original lessor;

25 2. The date the ground lease was recorded; and

26 3. The office, docket or book, and page where the ground
27 lease is recorded.

28 (2) The landlord shall mail the notice by certified mail return receipt
29 requested to the mortgagee at the address stated in the recorded request for notice of
30 judgment. If the notice is not given, judgment in favor of the landlord does not impair
31 the lien of the mortgagee. Except as otherwise provided in subsection (b) of this
32 section, the property is discharged from the lease and the rights of all persons
33 claiming under the lease are foreclosed unless, within 6 calendar months after
34 execution of the judgment for possession, the tenant or any other person claiming
35 under the lease:

36 (i) Pays the ground rent, arrears, and all costs awarded against
37 that person; and

1 (ii) Commences a proceeding to obtain relief from the judgment.

2 (c) This section does not bar the right of any mortgagee of the lease, or any
3 part of the lease, who is not in possession at any time before expiration of 6 calendar
4 months after execution of the judgment awarding the landlord possession, to pay all
5 costs and damages sustained by the landlord and to perform all the covenants and
6 agreements that are to be performed by the tenant.

7 (D) EXCEPT AS OTHERWISE PROVIDED BY LAW, A LANDLORD MAY NOT
8 RECEIVE REIMBURSEMENT FOR ANY ADDITIONAL COSTS OR EXPENSES RELATED TO
9 COLLECTION OF THE BACK RENT THAT EXCEED THE LESSER OF:

10 (1) ACTUAL EXPENSES; OR

11 (2) \$400.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
13 effect October 1, 2003.