
By: **Senators Kelley, Conway, Della, Exum, Gladden, Hughes, Jones, and
McFadden**

Introduced and read first time: January 19, 2005

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Real Property - Ground Rents - Ejectments**

3 FOR the purpose of requiring a landlord of a property subject to a certain ground
4 lease to post a certain notice for a certain period of time before filing an action
5 for possession of the property; limiting the reimbursement that a ground rent
6 holder is entitled to collect for certain expenses incurred in collecting a certain
7 past due ground rent and complying with certain notice requirements; limiting
8 the reimbursement that a certain plaintiff or holder of a ground rent is entitled
9 to for certain reasonable expenses incurred in the preparation and filing of a
10 certain action for ejectment; altering the period by which a ground rent holder
11 must provide a certain notice; requiring a ground rent holder to post a copy of a
12 certain notice on the subject property; making certain stylistic changes; and
13 generally relating to ground rents.

14 BY repealing and reenacting, with amendments,
15 Article - Real Property
16 Section 8-402.2(a) and 8-402.3
17 Annotated Code of Maryland
18 (2003 Replacement Volume and 2004 Supplement)

19 **Preamble**

20 WHEREAS, The holder of a ground lease may rightfully claim all money owed
21 under the ground lease, and may file an action for ejectment if the ground rent is at
22 least 6 months in arrears; and

23 WHEREAS, Adequate notice of delinquent ground rent is required; and

24 WHEREAS, Some ground leases become delinquent because of the failure of a
25 mortgage or title company to pay the ground rent due from the lessee's escrow
26 account at settlement; and

27 WHEREAS, The personal representative of a decedent is often unaware of the
28 decedent's ground lease on residential property; and

1 WHEREAS, There is no requirement that prior notice be posted at the site of a
2 delinquent ground rent before filing an action for ejectment; and

3 WHEREAS, Holders of ground leases often generate excessive attorney's fees
4 when filing actions for ejectment of delinquent lessees; now, therefore,

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

7 **Article - Real Property**

8 8-402.2.

9 (a) (1) Whenever, in a case that involves a 99-year ground lease renewable
10 forever, at least 6 months ground rent is in arrears and the landlord has the lawful
11 right to reenter for the nonpayment of the rent, the landlord[, no less than 45 days
12 after sending to the tenant by certified mail, return receipt requested, at the tenant's
13 last known address, and also by first class mail to the title agent or attorney listed on
14 the deed to the property or the intake sheet recorded with the deed, a bill for the
15 ground rent due,] may bring an action for possession of the property under § 14-108.1
16 of this article[;] IF, AT LEAST 45 DAYS BEFORE BRINGING THE ACTION, THE
17 LANDLORD:

18 (I) SENDS A BILL FOR THE GROUND RENT DUE TO:

19 1. THE TENANT BY CERTIFIED MAIL, RETURN RECEIPT
20 REQUESTED, AT THE TENANT'S LAST KNOWN ADDRESS; AND

21 2. THE TITLE AGENT OR ATTORNEY LISTED ON THE DEED TO
22 THE PROPERTY OR THE INTAKE SHEET RECORDED WITH THE DEED, BY FIRST-CLASS
23 MAIL; AND

24 (II) POSTS ON THE PROPERTY A NOTICE OF INTENT TO FILE AN
25 ACTION FOR POSSESSION OF THE PROPERTY UNDER § 14-108.1 OF THIS ARTICLE.

26 (2) (I) [if] IF the tenant cannot be personally served or there is no
27 tenant in actual possession of the property, service by posting notice on the property
28 may be made in accordance with the Maryland Rules.

29 (II) Personal service or posting in accordance with the Maryland
30 Rules shall stand in the place of a demand and reentry.

31 8-402.3.

32 (a) In this section, "ground rent" means a residential lease or sublease in
33 effect on or after October 1, 2003, that has an initial term of 99 years renewable
34 forever and creates a leasehold estate subject to the payment of semiannual
35 installments of an annual lease amount.

1 (b) (1) A holder of a ground rent that is at least 6 months in arrears is
2 entitled to reimbursement for actual expenses not exceeding [~~500~~] \$200 incurred in
3 the collection of that past due ground rent and in complying with the notice
4 requirements under § 8-402.2(a) of this subtitle, including:

5 (i) Title abstract and examination fees;

6 (ii) Judgment report fees;

7 (iii) Photocopying and postage fees; and

8 (iv) Attorney's fees.

9 (2) Upon filing an action for ejectment, the plaintiff or holder of a ground
10 rent is entitled to reimbursement for reasonable expenses incurred in the preparation
11 and filing of the ejectment action, including:

12 (i) Filing fees and court costs;

13 (ii) Expenses incurred in the service of process or otherwise
14 providing notice;

15 (iii) Title abstract and examination fees not included under
16 paragraph (1) of this subsection, not exceeding [~~300~~] \$200;

17 (iv) Reasonable attorney's fees not exceeding [~~700~~] \$400; and

18 (v) Taxes, including interest and penalties, that have been paid by
19 the plaintiff or holder of a ground rent.

20 (c) Except as provided in subsection (b) of this section or in § 8-402.2(c) of this
21 subtitle, the plaintiff or holder of a ground rent is not entitled to reimbursement for
22 any other expenses incurred in the collection of a ground rent.

23 (d) (1) The holder of a ground rent may not be reimbursed for expenses
24 under subsection (b) of this section unless the holder sends the tenant as identified in
25 the records of the State Department of Assessments and Taxation written notice at
26 least [~~30~~] 45 days before taking any action in accordance with § 8-402.2(a) of this
27 subtitle and § 14-108.1 of this article.

28 (2) The notice shall be in 14 point, bold font, and contain the following:

29 (i) The amount of the past due ground rent;

30 (ii) A statement that unless the past due ground rent is paid within
31 [~~30~~] 45 days, further action will be taken in accordance with § 8-402.2(a) of this
32 subtitle and § 14-108.1 of this article and the tenant will be liable for the expenses
33 and fees incurred in connection with the collection of the past due ground rent as
34 provided in this section.

35 (3) The holder of the ground rent shall:

1 (i) Mail the notice by first class mail to the tenant's last known
2 address as shown in the records of the State Department of Assessments and
3 Taxation; [and]

4 (ii) Obtain a certificate of mailing from the United States Postal
5 Service; AND

6 (III) POST A COPY OF THE NOTICE ON THE SUBJECT PROPERTY.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 October 1, 2005.