
By: **Delegates Hixson, Barkley, Gutierrez, Kaiser, King, Lee, Madaleno,
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Introduced and read first time: February 10, 2006

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Real Property - Condominiums - Conversion of Rental Facilities - Notice**
3 **Requirements**

4 FOR the purpose of providing that, in a conversion of rental facilities to
5 condominiums, if a tenant who is entitled to receive a purchase offer does not
6 receive the purchase offer at the same time as the tenant receives the notice of
7 conversion, then a certain time period of continued residency does not begin
8 until the tenant receives the purchase offer; requiring that a certain written
9 notice given to a certain tenant include certain language relating to the time
10 frame a tenant may remain in a residence if a purchase offer is not included
11 with a notice of conversion; and generally relating to notice requirements for the
12 conversion of rental facilities to condominiums.

13 BY repealing and reenacting, with amendments,
14 Article - Real Property
15 Section 11-102.1(a) and (f) and 11-136(a)
16 Annotated Code of Maryland
17 (2003 Replacement Volume and 2005 Supplement)

18 BY repealing and reenacting, without amendments,
19 Article - Real Property
20 Section 11-102.1(b)
21 Annotated Code of Maryland
22 (2003 Replacement Volume and 2005 Supplement)

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

Article - Real Property

11-102.1.

(a) (1) (I) Before a residential rental facility is subjected to a condominium regime, the owner, and the landlord of each tenant in possession of any portion of the residential rental facility as his residence, if other than the owner, shall give the tenant a notice in the form specified in subsection (f) of this section. The notice shall be given after registration with the Secretary of State under § 11-127 of this title and concurrently and together with any offer required to be given under § 11-136 of this title.

(II) IF AN OFFER REQUIRED TO BE GIVEN UNDER § 11-136 OF THIS TITLE IS NOT GIVEN TO A TENANT CONCURRENTLY WITH THE NOTICE DESCRIBED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE 180-DAY PERIOD THAT IS TRIGGERED BY RECEIPT OF THE NOTICE UNDER THIS SECTION DOES NOT BEGIN UNTIL THE TENANT RECEIVES THE PURCHASE OFFER.

(2) The owner and the landlord, if other than the owner, shall inform in writing each tenant who first leases any portion of the premises as his residence after the giving of the notice required by this subsection that the notice has been given. The tenant shall be informed at or before the signing of lease or the taking of possession, whichever occurs first.

(3) A copy of the notice, together with a list of each tenant to whom the notice was given, shall be given to the Secretary of State at the time the notice is given to each tenant.

(b) The notice shall be considered to have been given to each tenant if delivered by hand to the tenant or mailed, certified mail, return receipt requested, postage prepaid, to the tenant's last-known address.

(f) The notice referred to in subsection (a) of this section shall be sufficient for the purposes of this section if it is in substantially the following form. As to rental facilities containing less than 10 units, "Section 2" of the notice is not required to be given.

"NOTICE OF INTENTION TO
CREATE A CONDOMINIUM

..... (Date)

This is to inform you that the rental facility known as may be converted to a condominium regime in accordance with the Maryland Condominium Act. You may be required to move out of your residence after 180 days have passed from the date of this notice, or in other words, after (Date).

Section 1

Rights that apply to all tenants

1 If you are a tenant in this rental facility and you have not already given notice
2 that you intend to move, you have the following rights, provided you have previously
3 paid your rent and continue to pay your rent and abide by the other conditions of your
4 lease.

5 (1) You may remain in your residence on the same rent, terms, and conditions
6 of your existing lease until either the end of your lease term or until
7 (Date) (the end of the 180-day period), whichever is later. If your lease term ends
8 during the 180-day period, it will be extended on the same rent, terms, and conditions
9 until (Date) (the end of the 180-day period). In addition, certain
10 households may be entitled to extend their leases beyond the 180 days as described in
11 Section 2.

12 (2) You have the right to purchase your residence before it can be sold publicly.
13 A purchase offer describing your right to purchase is included with this notice. IF A
14 PURCHASE OFFER IS NOT INCLUDED WITH THIS NOTICE, THE 180-DAY PERIOD THAT
15 YOU MAY REMAIN IN YOUR RESIDENCE DOES NOT BEGIN UNTIL YOU RECEIVE THE
16 PURCHASE OFFER.

17 (3) If you do not choose to purchase your unit, and the annual income for all
18 present members of your household did not exceed (the income eligibility
19 figure for the appropriate area which equals approximately 80 percent of the median
20 income for your county or standard metropolitan area) for 20...., you are entitled to
21 receive \$375 when you move out of your residence. You are also entitled to be
22 reimbursed for moving expenses as defined in the Maryland Condominium Act over
23 \$375 up to \$750 which are actually and reasonably incurred. If the annual income for
24 all present members of your household did exceed (the income eligibility
25 figure for the appropriate area which equals approximately 80 percent of the median
26 income for your county or standard metropolitan area) for 20...., you are entitled to be
27 reimbursed up to \$750 for moving expenses as defined in the Maryland Condominium
28 Act actually and reasonably incurred. To receive reimbursement for moving expenses,
29 you must make a written request, accompanied by reasonable evidence of your
30 expenses, within 30 days after you move. You are entitled to be reimbursed within 30
31 days after your request has been received.

32 (4) If you want to move out of your residence before the end of the 180-day
33 period or the end of your lease, you may cancel your lease without penalty by giving
34 at least 30 days prior written notice. However, once you give notice of when you
35 intend to move, you will not have the right to remain in your residence beyond that
36 date.

37 Section 2

38 Right to 3-year lease extension or 3-month rent payment
39 for certain handicapped citizens and senior citizens

40 The developer who converts this rental facility to a condominium must offer
41 extended leases to qualified households for up to 20 percent of the units in the rental
42 facility. Households which receive extended leases will have the right to continue

1 renting their residences for at least 3 years from the date of this notice. A household
2 may cancel an extended lease by giving 3 months' written notice if more than 1 year
3 remains on the lease, and 1 month's written notice if less than 1 year remains on the
4 lease.

5 Rents under these extended leases may only be increased once a year and are
6 limited by increases in the cost of living index. Read the enclosed lease to learn the
7 additional rights and responsibilities of tenants under extended leases.

8 In determining whether your household qualifies for an extended lease, the
9 following definitions apply:

10 (1) "Handicapped citizen" means a person with a measurable limitation of
11 mobility due to congenital defect, disease, or trauma.

12 (2) "Senior citizen" means a person who is at least 62 years old on the date of
13 this notice.

14 (3) "Annual income" means the total income from all sources for all present
15 members of your household for the income tax year immediately preceding the year in
16 which this notice is issued but shall not include unreimbursed medical expenses if the
17 tenant provides reasonable evidence of the unreimbursed medical expenses or
18 consents in writing to authorize disclosure of relevant information regarding medical
19 expense reimbursement at the time of applying for an extended lease. "Total income"
20 means the same as "gross income" as defined in § 9-104(a)(7) of the Tax - Property
21 Article.

22 To qualify for an extended lease you must meet all of the following criteria:

23 (1) A member of the household must be a handicapped citizen or a senior
24 citizen and must be living in your unit as of the date of this notice and must have been
25 a member of your household for at least 12 months preceding the date of this notice;
26 and

27 (2) Annual income for all present members of your household must not have
28 exceeded (80 percent of applicable median income) for 20.....; and

29 (3) You must be current in your rental payments and otherwise in good
30 standing under your existing lease.

31 If you meet all of these qualifications and desire an extended lease, then you
32 must complete the enclosed form and execute the enclosed lease and return them. The
33 completed form and executed lease must be received at the office listed below within
34 60 days of the date of this notice, or in other words, by (Date). If your
35 completed form and executed lease are not received within that time, you will not be
36 entitled to an extended lease.

37 If the number of qualified households requesting extended leases exceeds the 20
38 percent limitation, priority will be given to qualified households who have lived in the
39 rental facility for the longest time.

1 Due to the 20 percent limitation your application for an extended lease must be
2 processed prior to your lease becoming final. Your lease will become final if it is
3 determined that your household is qualified and falls within the 20 percent
4 limitation.

5 If you return the enclosed form and lease by (Date) you will be
6 notified within 75 days of the date of this notice, or in other words, by
7 (Date), whether you are qualified and whether your household falls within the 20
8 percent limitation.

9 You may apply for an extended lease and, at the same time, choose to purchase
10 your unit. If you apply for and receive an extended lease, your purchase contract will
11 be void. If you do not receive an extended lease, your purchase contract will be
12 effective and you will be obligated to buy your unit.

13 If you qualify for an extended lease, but due to the 20 percent limitation, your
14 lease is not finalized, the developer must pay you an amount equal to 3 months rent
15 within 15 days after you move. You are also entitled to up to \$750 reimbursement for
16 your moving expenses, as described in Section 1.

17 If you qualify for an extended lease, but do not want one, you are also entitled to
18 both the moving expense reimbursement previously described, and the payment
19 equal to 3 months' rent. In order to receive the 3 month rent payment, you must
20 complete and return the enclosed form within 60 days of the date of this notice or by
21 (Date), but you should not execute the enclosed lease.

22 All application forms, executed leases, and moving expense requests should be
23 addressed or delivered to:

- 24
- 25
- 26"

27 11-136.

28 (a) (1) An owner required to give notice under § 11-102.1 of this title shall
29 offer in writing to each tenant entitled to receive that notice the right to purchase that
30 portion of the property occupied by the tenant as his residence. The offer shall be at a
31 price and on terms and conditions at least as favorable as the price, terms, and
32 conditions offered for that portion of the property to any other person during the 180
33 day period following the giving of the notice required by § 11-102.1 of this title.
34 Settlement cannot be required any earlier than 120 days after the offer is accepted by
35 the tenant.

36 (2) The offer to each tenant shall be made concurrently with the giving of
37 the notice required by § 11-102.1 of this title, shall be a part of that notice, and shall
38 state at least the following:

1 (i) That the offer will terminate upon the earlier to occur of
2 termination of the lease by the tenant or 60 days after delivery;

3 (ii) That acceptance of the offer by a tenant who meets the criteria
4 for an extended lease under § 11-137(b) of this title is contingent upon the tenant not
5 receiving an extended lease;

6 (iii) That settlement cannot be required any earlier than 120 days
7 after acceptance by the tenant; and

8 (iv) That the household is entitled to reimbursement for moving
9 expenses as provided in subsection (h) of this section. Delivery of a notice in the form
10 specified in § 11-102.1(f) of this title meets the requirements of this subparagraph.

11 (3) IF THE OFFER TO THE TENANT UNDER THIS SUBSECTION IS NOT
12 INCLUDED WITH THE NOTICE REQUIRED BY § 11-102.1 OF THIS TITLE, THE 180-DAY
13 PERIOD DOES NOT BEGIN UNTIL THE TENANT RECEIVES THE OFFER.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 October 1, 2006.