
By: **Senators Ruben, Forehand, Currie, Frosh, Green, and Hogan**

Introduced and read first time: February 3, 2006

Assigned to: Judicial Proceedings

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 14, 2006

CHAPTER _____

1 AN ACT concerning

2 **Real Property - Condominium Conversions - Income Eligibility for**
3 **Extended Leases - Purchase of Rental Facility by Local Government or**
4 **Housing Agency**

5 FOR the purpose of altering the method of calculating certain income eligibility
6 figures prepared by the Secretary of State; authorizing a county or incorporated
7 municipality to select the income eligibility figure to be used for certain
8 purposes in the county or incorporated municipality; establishing the income
9 eligibility figure to be used if a county or incorporated municipality does not
10 select a figure; altering the options for disposition of a certain rental facility
11 purchased by a county, incorporated municipality, or housing agency; making
12 certain conforming changes in a certain notice; and generally relating to
13 conversion of certain rental facilities to condominiums.

14 BY repealing and reenacting, with amendments,
15 Article - Real Property
16 Section 11-102.1(f), 11-137(n), and 11-138(b)
17 Annotated Code of Maryland
18 (2003 Replacement Volume and 2005 Supplement)

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

1

Article - Real Property

2 11-102.1.

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

7
8

**"NOTICE OF INTENTION TO
CREATE A CONDOMINIUM**

9

..... (Date)

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

14

Section 1

15

Rights that apply to all tenants

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

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

27 (2) You have the right to purchase your residence before it can be sold publicly.
28 A purchase offer describing your right to purchase is included with this notice.

29 (3) If you do not choose to purchase your unit, and the annual income for all
30 present members of your household did not exceed (the APPLICABLE
31 income eligibility figure OR FIGURES for the appropriate area [which equals
32 approximately 80 percent of the median income for your county or standard
33 metropolitan area]) for 20...., you are entitled to receive \$375 when you move out of
34 your residence. You are also entitled to be reimbursed for moving expenses as defined
35 in the Maryland Condominium Act over \$375 up to \$750 which are actually and
36 reasonably incurred. If the annual income for all present members of your household
37 did exceed (the APPLICABLE income eligibility figure OR FIGURES for the
38 appropriate area [which equals approximately 80 percent of the median income for
39 your county or standard metropolitan area]) for 20...., you are entitled to be

1 reimbursed up to \$750 for moving expenses as defined in the Maryland Condominium
2 Act actually and reasonably incurred. To receive reimbursement for moving expenses,
3 you must make a written request, accompanied by reasonable evidence of your
4 expenses, within 30 days after you move. You are entitled to be reimbursed within 30
5 days after your request has been received.

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

11 Section 2

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

14 The developer who converts this rental facility to a condominium must offer
15 extended leases to qualified households for up to 20 percent of the units in the rental
16 facility. Households which receive extended leases will have the right to continue
17 renting their residences for at least 3 years from the date of this notice. A household
18 may cancel an extended lease by giving 3 months' written notice if more than 1 year
19 remains on the lease, and 1 month's written notice if less than 1 year remains on the
20 lease.

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

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

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

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

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

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

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

5 (2) Annual income for all present members of your household must not have
6 exceeded ([80 percent of applicable median income] THE APPLICABLE
7 INCOME ELIGIBILITY FIGURE OR FIGURES FOR THE APPROPRIATE AREA) for 20.....;
8 and

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

11 If you meet all of these qualifications and desire an extended lease, then you
12 must complete the enclosed form and execute the enclosed lease and return them. The
13 completed form and executed lease must be received at the office listed below within
14 60 days of the date of this notice, or in other words, by (Date). If your
15 completed form and executed lease are not received within that time, you will not be
16 entitled to an extended lease.

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

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

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

28 You may apply for an extended lease and, at the same time, choose to purchase
29 your unit. If you apply for and receive an extended lease, your purchase contract will
30 be void. If you do not receive an extended lease, your purchase contract will be
31 effective and you will be obligated to buy your unit.

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

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

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

3

4

5"

6 11-137.

7 (n) (1) (I) The Secretary of State shall prepare [an] income eligibility
8 [figure] FIGURES for each county and standard metropolitan statistical area of the
9 State[, which shall reasonably approximate 80 percent of the median income for each
10 county and standard metropolitan statistical area].

11 (II) THE FIGURES SHALL REASONABLY APPROXIMATE:

12 1. 80 PERCENT OF THE MEDIAN HOUSEHOLD INCOME FOR
13 EACH COUNTY; ~~AND~~

14 2. 80 PERCENT OF THE MEDIAN HOUSEHOLD INCOME FOR
15 EACH METROPOLITAN STATISTICAL AREA; AND

16 3. THE UNCAPPED LOW INCOME LIMITS AS ADJUSTED FOR
17 FAMILY SIZE CALCULATED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN
18 DEVELOPMENT FOR ASSISTED HOUSING PROGRAMS.

19 (2) A county or incorporated municipality [which is in a standard
20 metropolitan statistical area] may by LAW, ordinance, or resolution [adopt] SELECT
21 ~~the~~ FROM THE FIGURES PREPARED BY THE SECRETARY OF STATE UNDER
22 PARAGRAPH (1) OF THIS SUBSECTION, THE APPLICABLE income eligibility figure OR
23 FIGURES [applicable to] TO BE USED IN the county or [standard metropolitan
24 statistical area] INCORPORATED MUNICIPALITY.

25 (3) IF A COUNTY OR INCORPORATED MUNICIPALITY DOES NOT SELECT
26 AN INCOME ELIGIBILITY FIGURE OR FIGURES, 80 PERCENT OF THE MEDIAN
27 HOUSEHOLD INCOME FOR THE COUNTY SHALL BE USED.

28 11-138.

29 (b) (1) A county or an incorporated municipality may provide, by local law or
30 ordinance, that a rental facility may not be granted to a purchaser for the purpose of
31 subjecting it to a condominium regime unless the county, incorporated municipality or
32 housing agency has first been offered in writing the right to purchase the rental
33 facility on substantially the same terms and conditions offered by the owner to the
34 purchaser. The local law or ordinance shall designate the title and mailing address of
35 the person to whom the offer to the county, incorporated municipality or housing
36 agency shall be delivered.

1 (2) The offer shall contain a contingency entitling the county,
2 incorporated municipality or housing agency, to secure financing within 180 days
3 from the date of the offer.

4 (3) Unless written acceptance of the offer is sooner delivered to the
5 owner by the county, incorporated municipality or housing agency, the offer shall
6 terminate, without further act, 60 days after it is delivered to the county, incorporated
7 municipality or housing agency. If the offer terminates, the owner may grant the
8 rental facility to any person for any purpose on terms and conditions not more
9 favorable to a buyer than those offered by the owner to the county, incorporated
10 municipality or housing agency.

11 (4) If the county, incorporated municipality, or housing agency purchases
12 the rental facility, it shall retain or provide for the retention of:

13 (I) [the] THE property as a rental facility for at least 3 years from
14 the date of acquisition; OR

15 (II) AT LEAST 20 PERCENT OF THE UNITS IN THE FACILITY AS
16 RENTAL UNITS FOR 15 YEARS FROM THE DATE OF ACQUISITION FOR HOUSEHOLDS
17 THAT DO NOT EXCEED THE APPLICABLE INCOME ELIGIBILITY FIGURE UNDER §
18 11-137(N) OF THIS TITLE FOR THE COUNTY OR INCORPORATED MUNICIPALITY IN
19 WHICH THE RENTAL FACILITY IS LOCATED.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 June 1, 2006.