

# HOUSE BILL 95

N1  
HB 1350/06 – ENV

71r0412

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By: **Delegates Hixson, Hucker, and Mizeur**  
Introduced and read first time: January 23, 2007  
Assigned to: Environmental Matters

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 7, 2007

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

### 2 **Condominiums – Conversion of Rental Facilities – Notice Requirements**

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

12 BY repealing and reenacting, with amendments,  
13 Article – Real Property  
14 Section 11–102.1(a), (b), and (f) and 11–136(a)  
15 Annotated Code of Maryland  
16 (2003 Replacement Volume and 2006 Supplement)

17 ~~BY repealing and reenacting, without amendments,~~  
18 ~~Article – Real Property~~  
19 ~~Section 11–102.1(b)~~

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#### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



~~Annotated Code of Maryland~~

~~(2003 Replacement Volume and 2006 Supplement)~~

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF 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 AND PURCHASE OFFER 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.

1                   “NOTICE OF INTENTION TO CREATE A CONDOMINIUM

2                   .....(Date)

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

7                                   Section 1

8                                   Rights that apply to all tenants

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

13           (1) You may remain in your residence on the same rent, terms, and conditions of  
14 your existing lease until either the end of your lease term or until ..... (Date)  
15 (the end of the 180-day period), whichever is later. If your lease term ends during the  
16 180-day period, it will be extended on the same rent, terms, and conditions until  
17 ..... (Date) (the end of the 180-day period). In addition, certain households  
18 may be entitled to extend their leases beyond the 180 days as described in Section 2.

19           (2) You have the right to purchase your residence before it can be sold publicly.  
20 A purchase offer describing your right to purchase is **REQUIRED TO BE** included with  
21 this notice. **IF A PURCHASE OFFER IS NOT INCLUDED WITH THIS NOTICE, THE**  
22 **180-DAY PERIOD THAT YOU MAY REMAIN IN YOUR RESIDENCE DOES NOT BEGIN**  
23 **UNTIL YOU RECEIVE THE PURCHASE OFFER.**

24           (3) If you do not choose to purchase your unit, and the annual income for all  
25 present members of your household did not exceed ..... (the applicable income  
26 eligibility figure or figures for the appropriate area) for 20..., you are entitled to  
27 receive \$375 when you move out of your residence. You are also entitled to be  
28 reimbursed for moving expenses as defined in the Maryland Condominium Act over  
29 \$375 up to \$750 which are actually and reasonably incurred. If the annual income for  
30 all present members of your household did exceed ..... (the applicable income  
31 eligibility figure or figures for the appropriate area) for 20..., you are entitled to be  
32 reimbursed up to \$750 for moving expenses as defined in the Maryland Condominium  
33 Act actually and reasonably incurred. To receive reimbursement for moving expenses,

1 you must make a written request, accompanied by reasonable evidence of your  
2 expenses, within 30 days after you move. You are entitled to be reimbursed within 30  
3 days after your request has been received.

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

## 8 Section 2

### 9 Right to 3-year lease extension or 3-month rent payment 10 for certain individuals with disabilities and senior citizens

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

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

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

23 (1) (i) "Disability" means:

24 1. A physical or mental impairment that substantially limits one  
25 or more of an individual's major life activities; or

26 2. A record of having a physical or mental impairment that  
27 substantially limits one or more of an individual's major life activities.

28 (ii) "Disability" does not include the current illegal use of or addiction to:

29 1. A controlled dangerous substance as defined in § 5-101 of the  
30 Criminal Law Article; or

31 2. A controlled substance as defined in 21 U.S.C. § 802.

1           (2) “Senior citizen” means a person who is at least 62 years old on the date of  
2 this notice.

3           (3) “Annual income” means the total income from all sources for all present  
4 members of your household for the income tax year immediately preceding the year in  
5 which this notice is issued but shall not include unreimbursed medical expenses if the  
6 tenant provides reasonable evidence of the unreimbursed medical expenses or  
7 consents in writing to authorize disclosure of relevant information regarding medical  
8 expense reimbursement at the time of applying for an extended lease. “Total income”  
9 means the same as “gross income” as defined in § 9–104(a)(7) of the Tax – Property  
10 Article.

11           (4) “Unreimbursed medical expenses” means the cost of medical expenses not  
12 otherwise paid for by insurance or some other third party, including medical and  
13 hospital insurance premiums, co-payments, and deductibles; Medicare A and B  
14 premiums; prescription medications; dental care; vision care; and nursing care  
15 provided at home or in a nursing home or home for the aged.

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

17           (1) A member of the household must be an individual with a disability or a  
18 senior citizen and must be living in your unit as of the date of this notice and must  
19 have been a member of your household for at least 12 months preceding the date of  
20 this notice; and

21           (2) Annual income for all present members of your household must not have  
22 exceeded ..... (the applicable income eligibility figure or figures for the  
23 appropriate area) for 20.....; and

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

26           If you meet all of these qualifications and desire an extended lease, then you  
27 must complete the enclosed form and execute the enclosed lease and return them. The  
28 completed form and executed lease must be received at the office listed below within  
29 60 days of the date of this notice, or in other words, by ..... (Date). If your  
30 completed form and executed lease are not received within that time, you will not be  
31 entitled to an extended lease.

32           If the number of qualified households requesting extended leases exceeds the 20  
33 percent limitation, priority will be given to qualified households who have lived in the  
34 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 limitation.

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

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

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

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

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

23 .....

24 .....

25 .....”

26 11-136.

27 (a) (1) An owner required to give notice under § 11-102.1 of this title shall  
 28 offer in writing to each tenant entitled to receive that notice the right to purchase that  
 29 portion of the property occupied by the tenant as his residence. The offer shall be at a  
 30 price and on terms and conditions at least as favorable as the price, terms, and  
 31 conditions offered for that portion of the property to any other person during the 180  
 32 day period following the giving of the notice required by § 11-102.1 of this title.

1 Settlement cannot be required any earlier than 120 days after the offer is accepted by  
2 the tenant.

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

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

8 (ii) That acceptance of the offer by a tenant who meets the  
9 criteria for an extended lease under § 11–137(b) of this title is contingent upon the  
10 tenant not receiving an extended lease;

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

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

16 **(3) IF THE OFFER TO THE TENANT UNDER THIS SUBSECTION IS**  
17 **NOT INCLUDED WITH THE NOTICE REQUIRED BY § 11–102.1 OF THIS TITLE, THE**  
18 **180–DAY PERIOD DOES NOT BEGIN UNTIL THE TENANT RECEIVES THE OFFER.**

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
20 October 1, 2007.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.