

# HOUSE BILL 452

N1

71r1803  
CF SB 397

---

By: **Delegate Rosenberg and The Speaker (By Request – Administration) and Delegates Anderson, Branch, Bromwell, Carter, Conaway, Doory, Glenn, Hammen, Harrison, Haynes, Jones, Kach, Kirk, Krysiak, Lafferty, McHale, McIntosh, Oaks, Robinson, Schuler, Stein, Stukes, and Tarrant**

Introduced and read first time: February 6, 2007

Assigned to: Environmental Matters

---

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 16, 2007

---

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

1 AN ACT concerning

2 **Ground Rents – Conversion of Irredeemable Ground Rents**

3 FOR the purpose of providing for the conversion of an irredeemable ground rent to a  
4 redeemable ground rent unless a notice of intention to preserve irredeemability  
5 is recorded within a certain period of time; providing that a disability or lack of  
6 knowledge does not prevent the conversion of an irredeemable ground rent if a  
7 notice of intention to preserve irredeemability is not recorded within a certain  
8 period of time; authorizing certain persons to file a notice in the land records of  
9 the county where the land is located; requiring a notice to be executed in a  
10 certain manner and to contain certain information; requiring a notice that  
11 meets certain requirements to be accepted for recording on payment of certain  
12 fees; exempting a notice from certain taxes; providing for the indexing of  
13 notices; requiring notices to be filed on or before a certain date; providing that a  
14 ground rent becomes redeemable if a notice is not recorded on or before a  
15 certain date; establishing the period of effectiveness of a filed notice; providing  
16 for the filing of renewal notices and the extension of the period of effectiveness  
17 of a filed notice; establishing the sum for which a converted ground rent may be

---

**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.



1 redeemed; defining certain terms; and generally relating to the conversion of  
2 irredeemable ground rents.

3 BY adding to  
4 Article – Real Property  
5 Section 8–110.1  
6 Annotated Code of Maryland  
7 (2003 Replacement Volume and 2006 Supplement)

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

10 **Article – Real Property**

11 **8–110.1.**

12 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE  
13 MEANINGS INDICATED.

14 ~~(2) “GROUND LEASE” MEANS A RESIDENTIAL LEASE OR~~  
15 ~~SUBLEASE IN EFFECT ON OR AFTER JULY 1, 2007, THAT HAS AN INITIAL TERM~~  
16 ~~OF 99 YEARS RENEWABLE FOREVER AND IS SUBJECT TO THE PAYMENT OF AN~~  
17 ~~ANNUAL GROUND RENT.~~

18 ~~(3) “GROUND RENT” MEANS A RENT ISSUING OUT OF, OR~~  
19 ~~COLLECTIBLE IN CONNECTION WITH, THE REVERSION IN FEE SIMPLE RESERVED~~  
20 ~~IN A GROUND LEASE.~~

21 ~~(4) “IRREDEEMABLE GROUND RENT” MEANS A GROUND RENT~~  
22 ~~CREATED UNDER A GROUND LEASE EXECUTED BEFORE APRIL 9, 1884, THAT~~  
23 ~~DOES NOT CONTAIN A PROVISION ALLOWING THE TENANT TO REDEEM THE~~  
24 ~~GROUND RENT.~~

25 ~~(5) “LEASEHOLD ESTATE” MEANS THE TENANCY IN REAL~~  
26 ~~PROPERTY CREATED UNDER A GROUND LEASE.~~

27 ~~(6) “REDEEMABLE GROUND RENT” MEANS A GROUND RENT THAT~~  
28 ~~MAY BE REDEEMED IN ACCORDANCE WITH THIS SECTION OR REDEEMED OR~~  
29 ~~EXTINGUISHED IN ACCORDANCE WITH § 8-110(G) OF THIS SUBTITLE.~~

1           ~~(7) (I) “RESIDENTIAL” MEANS REAL PROPERTY ON WHICH~~  
2 ~~THERE IS OR WAS ONCE CONSTRUCTED IMPROVEMENTS USED OR INTENDED TO~~  
3 ~~BE USED, FOR RESIDENTIAL PURPOSES.~~

4           ~~(II) “RESIDENTIAL” DOES NOT INCLUDE:~~

5                     ~~1. AN APARTMENT OR COOPERATIVE TENANCY;~~

6                     ~~2. THE GROUND OR SITE UPON WHICH DWELLINGS~~  
7 ~~OR MOBILE HOMES ARE ERECTED OR PLACED IN A MOBILE HOME~~  
8 ~~DEVELOPMENT OR MOBILE HOME PARK; OR~~

9                     ~~3. PROPERTY LEASED FOR BUSINESS, COMMERCIAL,~~  
10 ~~MANUFACTURING, MERCANTILE, OR INDUSTRIAL PURPOSES.~~

11           (2) “GROUND LEASE” MEANS A RESIDENTIAL LEASE OR  
12 SUBLEASE FOR A TERM OF YEARS RENEWABLE FOREVER SUBJECT TO THE  
13 PAYMENT OF A PERIODIC GROUND RENT.

14           (3) (I) “GROUND LEASE HOLDER” MEANS THE HOLDER OF THE  
15 REVERSIONARY INTEREST UNDER A GROUND LEASE.

16                     (II) “GROUND LEASE HOLDER” INCLUDES AN AGENT OF THE  
17 GROUND LEASE HOLDER.

18           (4) “GROUND RENT” MEANS A RENT ISSUING OUT OF, OR  
19 COLLECTIBLE IN CONNECTION WITH, THE REVERSIONARY INTEREST UNDER A  
20 GROUND LEASE.

21           (5) “IRREDEEMABLE GROUND RENT” MEANS A GROUND RENT  
22 CREATED UNDER A GROUND LEASE EXECUTED BEFORE APRIL 9, 1884, THAT  
23 DOES NOT CONTAIN A PROVISION ALLOWING THE LEASEHOLD TENANT TO  
24 REDEEM THE GROUND RENT.

25           (6) “LEASEHOLD INTEREST” MEANS THE TENANCY IN REAL  
26 PROPERTY CREATED UNDER A GROUND LEASE.

27           (7) “LEASEHOLD TENANT” MEANS THE HOLDER OF THE  
28 LEASEHOLD INTEREST UNDER A GROUND LEASE.

1           **(8) "REDEEMABLE GROUND RENT" MEANS A GROUND RENT THAT**  
 2 **MAY BE REDEEMED IN ACCORDANCE WITH THIS SECTION OR REDEEMED OR**  
 3 **EXTINGUISHED IN ACCORDANCE WITH § 8-110(G) OF THIS SUBTITLE.**

4           **(B) (1) THIS SECTION APPLIES TO RESIDENTIAL PROPERTY THAT IS**  
 5 **OR WAS USED, INTENDED TO BE USED, OR AUTHORIZED TO BE USED FOR FOUR**  
 6 **OR FEWER DWELLING UNITS.**

7           **(2) THIS SECTION DOES NOT APPLY TO PROPERTY:**

8                   **(I) LEASED FOR BUSINESS, COMMERCIAL,**  
 9 **MANUFACTURING, MERCANTILE, OR INDUSTRIAL PURPOSES, OR ANY OTHER**  
 10 **PURPOSE THAT IS NOT PRIMARILY RESIDENTIAL;**

11                   **(II) IMPROVED OR TO BE IMPROVED BY ANY APARTMENT,**  
 12 **CONDOMINIUM, COOPERATIVE, OR OTHER BUILDING FOR MULTIFAMILY USE OF**  
 13 **GREATER THAN FOUR DWELLING UNITS; OR**

14                   **(III) LEASED FOR DWELLINGS OR MOBILE HOMES THAT ARE**  
 15 **ERECTED OR PLACED IN A MOBILE HOME DEVELOPMENT OR MOBILE HOME**  
 16 **PARK.**

17           ~~(B)~~ **(C) (1) AN IRREDEEMABLE GROUND RENT SHALL BE**  
 18 **CONVERTED TO, AND BECOME, A REDEEMABLE GROUND RENT, UNLESS WITHIN**  
 19 **THE TIME SPECIFIED IN SUBSECTION ~~(E)~~ (F) OF THIS SECTION, A NOTICE OF**  
 20 **INTENTION TO PRESERVE IRREDEEMABILITY IS RECORDED.**

21           **(2) THE CONVERSION OF AN IRREDEEMABLE GROUND RENT TO A**  
 22 **REDEEMABLE GROUND RENT OCCURS ON THE DAY FOLLOWING THE END OF THE**  
 23 **PERIOD IN WHICH THE NOTICE MAY BE RECORDED.**

24           **(3) A DISABILITY OR LACK OF KNOWLEDGE OF ANY KIND DOES**  
 25 **NOT PREVENT THE CONVERSION OF AN IRREDEEMABLE GROUND RENT TO A**  
 26 **REDEEMABLE GROUND RENT IF NO NOTICE OF INTENTION TO PRESERVE**  
 27 **IRREDEEMABILITY IS FILED WITHIN THE TIME SPECIFIED IN SUBSECTION ~~(E)~~ (F)**  
 28 **OF THIS SECTION.**

29           ~~(C)~~ **(D) (1) ANY ~~PERSON HOLDING AN IRREDEEMABLE GROUND~~**  
 30 **~~RENT~~ GROUND LEASE HOLDER OF AN IRREDEEMABLE GROUND RENT MAY**

1 RECORD A NOTICE OF INTENTION TO PRESERVE IRREDEEMABILITY AMONG THE  
2 LAND RECORDS OF THE COUNTY WHERE THE LAND IS LOCATED.

3 (2) THE NOTICE MAY BE RECORDED BY:

4 (I) THE PERSON CLAIMING TO BE THE ~~OWNER OF THE~~  
5 ~~IRREDEEMABLE GROUND RENT~~ GROUND LEASE HOLDER; OR

6 (II) IF THE ~~CLAIMANT~~ GROUND LEASE HOLDER IS UNDER A  
7 DISABILITY OR OTHERWISE UNABLE TO ASSERT A CLAIM ON THE ~~PERSON'S~~  
8 GROUND LEASE HOLDER'S OWN BEHALF, ANY OTHER PERSON ACTING ON THE  
9 ~~PERSON'S~~ GROUND LEASE HOLDER'S BEHALF.

10 ~~(D)~~ (E) (1) TO BE EFFECTIVE AND TO BE ENTITLED TO BE  
11 RECORDED, THE NOTICE SHALL BE EXECUTED BY THE ~~PERSON FILING THE~~  
12 ~~NOTICE~~ GROUND LEASE HOLDER, ACKNOWLEDGED BEFORE A NOTARY PUBLIC,  
13 AND CONTAIN SUBSTANTIALLY THE FOLLOWING INFORMATION:

14 (I) AN ACCURATE DESCRIPTION OF THE LEASEHOLD  
15 ~~ESTATE INTEREST~~ AFFECTED BY THE NOTICE, INCLUDING, IF KNOWN, THE  
16 PROPERTY IMPROVEMENT ADDRESS;

17 (II) THE NAME OF EVERY ~~OWNER OF THE IRREDEEMABLE~~  
18 ~~GROUND RENT~~ GROUND LEASE HOLDER OF AN IRREDEEMABLE GROUND RENT;

19 (III) THE NAME OF EVERY ~~OWNER OF THE LEASEHOLD~~  
20 ~~ESTATE~~ LEASEHOLD TENANT AS OF THE TIME THE NOTICE IS FILED ACCORDING  
21 TO THE LAND RECORDS OR THE RECORDS OF THE STATE DEPARTMENT OF  
22 ASSESSMENTS AND TAXATION;

23 (IV) THE RECORDING REFERENCE OF THE GROUND LEASE;

24 (V) THE RECORDING REFERENCE OF EVERY LEASEHOLD  
25 ~~OWNER'S~~ TENANT'S LEASEHOLD DEED, AS OF THE TIME THE NOTICE IS FILED,  
26 ACCORDING TO THE LAND RECORDS OR THE RECORDS OF THE STATE  
27 DEPARTMENT OF ASSESSMENTS AND TAXATION;

28 (VI) THE RECORDING REFERENCE OF EVERY  
29 IRREDEEMABLE GROUND RENT ~~OWNER'S~~ RENT GROUND LEASE HOLDER'S DEED;  
30 AND

1 (VII) THE BLOCK NUMBER FOR THE LEASEHOLD ~~ESTATE~~  
2 INTEREST IF THE PROPERTY IS LOCATED IN BALTIMORE CITY.

3 (2) (I) A NOTICE THAT SUBSTANTIALLY MEETS THE  
4 REQUIREMENTS OF THIS SECTION SHALL BE ACCEPTED FOR RECORDING  
5 AMONG THE LAND RECORDS ON PAYMENT OF THE SAME FEES AS ARE CHARGED  
6 FOR THE RECORDING OF DEEDS.

7 (II) THE FILING OF A NOTICE IS EXEMPT FROM THE  
8 IMPOSITION OF A STATE OR LOCAL EXCISE TAX.

9 (3) THE NOTICE SHALL BE INDEXED AS "NOTICE OF INTENTION  
10 TO PRESERVE IRREDEEMABILITY":

11 (I) IN THE GRANTEE INDICES OF DEEDS UNDER THE NAME  
12 OF EVERY ~~OWNER OF THE IRREDEEMABLE GROUND RENT~~ GROUND LEASE  
13 HOLDER OF AN IRREDEEMABLE GROUND RENT;

14 (II) IN THE GRANTOR INDICES OF DEEDS UNDER THE NAME  
15 OF EVERY ~~OWNER OF THE~~ LEASEHOLD ESTATE TENANT AS OF THE TIME THE  
16 NOTICE IS FILED ACCORDING TO THE LAND RECORDS OR THE RECORDS OF THE  
17 STATE DEPARTMENT OF ASSESSMENTS AND TAXATION; AND

18 (III) IN THE BLOCK INDEX IN BALTIMORE CITY.

19 ~~(E)~~ (F) (1) TO PRESERVE THE IRREDEEMABILITY OF AN  
20 IRREDEEMABLE GROUND RENT, A NOTICE OF INTENTION TO PRESERVE SHALL  
21 BE RECORDED ON OR BEFORE DECEMBER 31, 2010.

22 (2) IF A NOTICE OF INTENTION TO PRESERVE IS NOT RECORDED  
23 ON OR BEFORE DECEMBER 31, 2010, THE GROUND RENT BECOMES A  
24 REDEEMABLE GROUND RENT.

25 (3) IF A NOTICE IS RECORDED ON OR BEFORE DECEMBER 31,  
26 2010, THE GROUND RENT SHALL REMAIN IRREDEEMABLE FOR A PERIOD OF 10  
27 YEARS FROM JANUARY 1, 2011, TO DECEMBER 31, 2020, BOTH INCLUSIVE.

28 (4) (I) THE EFFECTIVENESS OF A FILED NOTICE TO PRESERVE  
29 IRREDEEMABILITY SHALL LAPSE ON JANUARY 1, 2021, AND THE GROUND RENT

1 SHALL BECOME A REDEEMABLE GROUND RENT, UNLESS A RENEWAL NOTICE  
2 CONTAINING SUBSTANTIALLY THE SAME INFORMATION AS THE NOTICE OF  
3 INTENTION TO PRESERVE IRREDEEMABILITY IS RECORDED WITHIN 6 MONTHS  
4 BEFORE THE EXPIRATION OF THE 10-YEAR PERIOD SET FORTH IN PARAGRAPH  
5 (3) OF THIS SUBSECTION.

6 (II) THE EFFECTIVENESS OF ANY SUBSEQUENTLY FILED  
7 RENEWAL NOTICE SHALL LAPSE AFTER THE EXPIRATION OF THE APPLICABLE  
8 10-YEAR PERIOD AND THE GROUND RENT SHALL BECOME A REDEEMABLE  
9 GROUND RENT, UNLESS FURTHER RENEWAL NOTICES ARE RECORDED WITHIN 6  
10 MONTHS BEFORE THE EXPIRATION OF THE APPLICABLE 10-YEAR PERIOD.

11 ~~(F)~~ (G) A GROUND RENT MADE REDEEMABLE IN ACCORDANCE WITH  
12 THIS SECTION:

13 (1) IS REDEEMABLE AT ANY TIME FOLLOWING THE DATE OF  
14 CONVERSION OF THE IRREDEEMABLE GROUND RENT TO A REDEEMABLE  
15 GROUND RENT; AND

16 (2) SHALL BE REDEEMABLE FOR A SUM EQUAL TO THE ANNUAL  
17 RENT RESERVED MULTIPLIED BY 16.66, WHICH IS CAPITALIZATION AT 6  
18 PERCENT.

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

Approved:

\_\_\_\_\_  
Governor.

\_\_\_\_\_  
Speaker of the House of Delegates.

\_\_\_\_\_  
President of the Senate.