

# HOUSE BILL 458

N1, L2

71r1794  
CF SB 755

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By: **Delegate Tarrant and the Speaker (By Request - Administration) and Delegates Anderson, Beidle, Branch, Bromwell, Burns, Busch, Carter, V. Clagett, Conaway, Doory, Dumais, Glenn, Hammen, Harrison, Haynes, Jones, Kirk, Krysiak, Lafferty, Lawton, Love, McHale, McIntosh, Oaks, Robinson, Schuler, Sophocleus, Stein, and Stukes**

Introduced and read first time: February 6, 2007

Assigned to: Environmental Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 16, 2007

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

1 AN ACT concerning

2 **Ground Rents - Property Owned by Baltimore City - Reimbursement for**  
3 **Expenses - Notices**

4 FOR the purpose of providing that in any suit, action, or proceeding to recover back  
5 rent, a ground rent landlord may only recover not more than a certain amount  
6 of back rent if the property is owned by Baltimore City and is abandoned or  
7 distressed under certain circumstances; authorizing a ground rent landlord of  
8 property that is owned by Baltimore City and is abandoned or distressed to  
9 request the Mayor and City Council of Baltimore to acquire the reversionary  
10 interest under the ground rent for a certain value under certain circumstances;  
11 prohibiting the application of a certain provision regarding reimbursement of a  
12 ground rent holder's expenses to collect a ground rent on property that is owned  
13 by Baltimore City and is abandoned or distressed under certain circumstances;  
14 establishing a certain Baltimore City office as the recipient of certain bills,  
15 notices, or other documents sent with regard to any property owned by  
16 Baltimore City that is subject to a ground rent; and generally relating to  
17 property owned by Baltimore City that is subject to a ground rent.

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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.



1 BY repealing and reenacting, with amendments,  
2 Article – Real Property  
3 Section 8–111.1 and 8–402.3  
4 Annotated Code of Maryland  
5 (2003 Replacement Volume and 2006 Supplement)

6 BY adding to  
7 Article – Real Property  
8 Section 14–115.1  
9 Annotated Code of Maryland  
10 (2003 Replacement Volume and 2006 Supplement)

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

13 **Article – Real Property**

14 8–111.1.

15 (a) This section applies to all residential leases or subleases in effect on or  
16 after October 1, 1999, which have an initial term of 99 years and which create a  
17 leasehold estate, or subleasehold estate, subject to the payment of an annual ground  
18 rent.

19 (b) In any suit, action, or proceeding by a landlord, or the transferee of the  
20 reversion in leased property, to recover back rent, the landlord, or the transferee of the  
21 reversion in leased property is entitled to demand or recover not more than 3 years  
22 back rent.

23 (c) **[In] EXCEPT AS PROVIDED UNDER SUBSECTION (D) OF THIS**  
24 **SECTION, IN** addition to rent payable under subsection (b) of this section, a landlord  
25 may not receive reimbursement for any additional costs or expenses related to  
26 collection of the back rent unless the notice requirements of §§ 8–402.2 and 8–402.3 of  
27 this title are met.

28 **(D) (1) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, IN ANY**  
29 **SUIT, ACTION, OR PROCEEDING TO RECOVER BACK RENT, A LANDLORD OR**  
30 **HOLDER OF A GROUND RENT MAY ONLY RECOVER NOT MORE THAN 3 YEARS**  
31 **BACK RENT IF THE PROPERTY IS:**

1                   **(I) OWNED OR ACQUIRED BY ANY MEANS BY THE MAYOR**  
2 **AND CITY COUNCIL OF BALTIMORE; AND**

3                   **(II) ABANDONED PROPERTY, AS DEFINED IN § 21-17(A)(2)**  
4 **OF THE PUBLIC LOCAL LAWS OF BALTIMORE CITY, OR DISTRESSED PROPERTY,**  
5 **AS DEFINED IN § 21-17(A)(3) OF THE PUBLIC LOCAL LAWS OF BALTIMORE**  
6 **CITY.**

7                   **(2) WITH REGARD TO PROPERTY DESCRIBED UNDER PARAGRAPH**  
8 **(1) OF THIS SUBSECTION, A LANDLORD MAY REQUEST IN WRITING THAT THE**  
9 **MAYOR AND CITY COUNCIL OF BALTIMORE ACQUIRE THE REVERSIONARY**  
10 **INTEREST UNDER THE GROUND RENT FOR THE MARKET VALUE ESTABLISHED**  
11 **AT THE TIME OF THE ACQUISITION BY THE MAYOR AND CITY COUNCIL OF THE**  
12 **LEASEHOLD INTEREST UNDER THE GROUND RENT.**

13 8-402.3.

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

18           **(B) THIS SECTION DOES NOT APPLY TO A GROUND RENT ON PROPERTY**  
19 **THAT IS:**

20                   **(1) OWNED OR ACQUIRED BY ANY MEANS BY THE MAYOR AND**  
21 **CITY COUNCIL OF BALTIMORE; AND**

22                   **(2) ABANDONED PROPERTY, AS DEFINED IN § 21-17(A)(2) OF THE**  
23 **PUBLIC LOCAL LAWS OF BALTIMORE CITY, OR DISTRESSED PROPERTY, AS**  
24 **DEFINED IN § 21-17(A)(3) OF THE PUBLIC LOCAL LAWS OF BALTIMORE CITY.**

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

29                   (i) Title abstract and examination fees;

30                   (ii) Judgment report fees;

1 (iii) Photocopying and postage fees; and

2 (iv) Attorney's fees.

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

6 (i) Filing fees and court costs;

7 (ii) Expenses incurred in the service of process or otherwise  
8 providing notice;

9 (iii) Title abstract and examination fees not included under  
10 paragraph (1) of this subsection, not exceeding \$300;

11 (iv) Reasonable attorney's fees not exceeding \$700; and

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

14 [(c)] (D) Except as provided in subsection [(b)] (C) of this section or in  
15 § 8-402.2(c) of this subtitle, the plaintiff or holder of a ground rent is not entitled to  
16 reimbursement for any other expenses incurred in the collection of a ground rent.

17 [(d)] (E) (1) The holder of a ground rent may not be reimbursed for  
18 expenses under subsection [(b)] (C) of this section unless the holder sends the tenant  
19 as identified in the records of the State Department of Assessments and Taxation  
20 written notice at least 30 days before taking any action in accordance with  
21 § 8-402.2(a) of this subtitle and § 14-108.1 of this article.

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

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

24 (ii) A statement that unless the past due ground rent is paid  
25 within 30 days, further action will be taken in accordance with § 8-402.2(a) of this  
26 subtitle and § 14-108.1 of this article and the tenant will be liable for the expenses  
27 and fees incurred in connection with the collection of the past due ground rent as  
28 provided in this section.

29 (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.

6 **14-115.1.**

7 **WITH REGARD TO ANY PROPERTY OWNED OR ACQUIRED BY ANY MEANS**  
8 **BY THE MAYOR AND CITY COUNCIL OF BALTIMORE THAT IS SUBJECT TO A**  
9 **GROUND RENT, ANY BILL, NOTICE, OR OTHER DOCUMENT FOR LEGAL OR OTHER**  
10 **ACTION SHALL BE SENT TO THE ~~SUPERVISOR OF ASSET MANAGEMENT~~**  
11 **DIRECTOR, BALTIMORE CITY DEPARTMENT OF HOUSING AND COMMUNITY**  
12 **DEVELOPMENT FINANCE.**

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
14 ~~October~~ July 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.