

HOUSE BILL 502

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71r0865
CF SB 398

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

Introduced and read first time: February 6, 2007

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Ground Rents - Notices Regarding Ground Leases**

3 FOR the purpose of requiring a tenant under a ground lease to notify the landlord of
4 any change of address of the tenant within a certain time period; requiring a
5 landlord under a ground lease to mail to the tenant a bill for the payment of
6 ground rent due no later than a certain amount of time before the payment is
7 due; requiring the bill sent by the landlord to include a certain notice regarding
8 the ground lease and the rights and responsibilities of the tenant under the
9 ground lease; altering the notice requirements contained in a contract for the
10 sale of real property that is subject to a ground rent to include a certain notice
11 regarding the ground lease and the rights and responsibilities of the tenant
12 under the ground lease; defining certain terms; making stylistic changes; and
13 generally relating to notices regarding ground leases.

14 BY repealing and reenacting, with amendments,
15 Article - Real Property
16 Section 14-116 and 14-117(a)
17 Annotated Code of Maryland
18 (2003 Replacement Volume and 2006 Supplement)

19 BY adding to
20 Article - Real Property

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 14-116.1
2 Annotated Code of Maryland
3 (2003 Replacement Volume and 2006 Supplement)

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

6 **Article - Real Property**

7 14-116.

8 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
9 MEANINGS INDICATED.

10 (2) "GROUND LEASE" MEANS A RESIDENTIAL LEASE OR
11 SUBLEASE IN EFFECT ON OR AFTER OCTOBER 1, 2007, THAT HAS AN INITIAL
12 TERM OF 99 YEARS RENEWABLE FOREVER AND IS SUBJECT TO THE PAYMENT OF
13 AN ANNUAL GROUND RENT.

14 (3) "GROUND RENT" MEANS A RENT ISSUING OUT OF, OR
15 COLLECTIBLE IN CONNECTION WITH, THE REVERSION IN FEE SIMPLE RESERVED
16 IN A GROUND LEASE.

17 (4) "LANDLORD" MEANS THE HOLDER OF THE REVERSIONARY
18 INTEREST UNDER A GROUND LEASE.

19 (B) WITHIN 30 DAYS OF ANY CHANGE OF ADDRESS OF A TENANT, THE
20 TENANT SHALL NOTIFY THE LANDLORD OF THE CHANGE, INCLUDING THE NEW
21 ADDRESS AND THE DATE OF THE CHANGE.

22 (C) Within 30 days of any transfer of improvements located on property
23 subject to a ground rent, the transferor shall notify the [holder of the reversionary
24 interest] LANDLORD of the transfer. The notification shall include the name and
25 address of the transferee, and date of transfer.

26 (D) [Notice shall be given] A TRANSFEROR SHALL GIVE NOTICE UNDER
27 THIS SECTION by certified mail, return receipt requested, bearing a postmark from
28 the United States Postal Service, to the last known address of the [holder of the
29 reversionary interest] LANDLORD.

30 **14-116.1.**

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

3 (2) "GROUND LEASE" MEANS A RESIDENTIAL LEASE OR
4 SUBLEASE IN EFFECT ON OR AFTER OCTOBER 1, 2007, THAT HAS AN INITIAL
5 TERM OF 99 YEARS RENEWABLE FOREVER AND IS SUBJECT TO THE PAYMENT OF
6 AN ANNUAL GROUND RENT.

7 (3) "GROUND RENT" MEANS A RENT ISSUING OUT OF, OR
8 COLLECTIBLE IN CONNECTION WITH, THE REVERSION IN FEE SIMPLE RESERVED
9 IN A GROUND LEASE.

10 (4) "LANDLORD" MEANS THE HOLDER OF THE REVERSIONARY
11 INTEREST UNDER A GROUND LEASE.

12 (5) "TENANT" MEANS THE HOLDER OF THE LEASEHOLD
13 INTEREST UNDER A GROUND LEASE.

14 (B) NO LATER THAN 60 DAYS BEFORE A YEARLY OR HALF-YEARLY
15 INSTALLMENT PAYMENT OF A GROUND RENT IS DUE, A LANDLORD SHALL MAIL
16 TO THE LAST KNOWN ADDRESS OF THE TENANT A BILL FOR THE PAYMENT DUE.

17 (C) THE BILL SHALL INCLUDE A NOTICE IN BOLDFACE TYPE, AT LEAST
18 AS LARGE AS 14 POINT, IN SUBSTANTIALLY THE FOLLOWING FORM:

19 **"NOTICE REQUIRED BY MARYLAND LAW**
20 **REGARDING YOUR GROUND RENT**

21 **THIS PROPERTY (ADDRESS) IS SUBJECT TO A GROUND LEASE. THE ANNUAL**
22 **PAYMENT ON THE GROUND LEASE ("GROUND RENT") IS \$(DOLLAR AMOUNT),**
23 **PAYABLE IN YEARLY OR HALF-YEARLY INSTALLMENTS ON (DATE OR DATES).**

24 **THE NEXT GROUND RENT PAYMENT IS DUE (DAY, MONTH, YEAR) IN THE**
25 **AMOUNT OF \$(DOLLAR AMOUNT).**

26 **THE PAYMENT OF THE GROUND RENT SHOULD BE SENT TO:**
27 **(NAME OF GROUND RENT OWNER)**
28 **(ADDRESS)**

1 (PHONE NUMBER)

2 **NOTE REGARDING YOUR RIGHTS AND RESPONSIBILITIES UNDER**
3 **MARYLAND LAW:**

4 **AS THE OWNER OF THIS PROPERTY, YOU ARE OBLIGATED TO PAY THE GROUND**
5 **RENT TO THE GROUND RENT OWNER. IT IS ALSO YOUR RESPONSIBILITY TO**
6 **NOTIFY THE GROUND RENT OWNER IF YOU CHANGE YOUR ADDRESS OR**
7 **TRANSFER OWNERSHIP OF THE PROPERTY.**

8 **IF YOU FAIL TO PAY THE GROUND RENT ON TIME, YOU ARE STILL RESPONSIBLE**
9 **FOR PAYING THE GROUND RENT. IN ADDITION, IF THE GROUND RENT OWNER**
10 **FILES AN ACTION IN COURT TO COLLECT THE PAST DUE GROUND RENT, YOU**
11 **MAY BE REQUIRED TO PAY THE GROUND RENT OWNER FOR FEES AND COSTS**
12 **ASSOCIATED WITH THE COLLECTION OF THE PAST DUE GROUND RENT.**
13 **MOREOVER, THE GROUND RENT OWNER MAY ALSO FILE AN ACTION IN COURT**
14 **TO TAKE POSSESSION OF THE PROPERTY WHICH MAY RESULT IN YOUR BEING**
15 **RESPONSIBLE FOR ADDITIONAL FEES AND COSTS AND ULTIMATELY IN YOUR**
16 **LOSS OF THE PROPERTY. PLEASE NOTE THAT UNDER MARYLAND LAW, A**
17 **GROUND RENT OWNER MAY DEMAND NOT MORE THAN 3 YEARS OF PAST DUE**
18 **GROUND RENT, AND THERE ARE LIMITS ON HOW MUCH A GROUND RENT OWNER**
19 **MAY BE REIMBURSED FOR SOME OF THE FEES AND COSTS. IF YOU FAIL TO PAY**
20 **THE GROUND RENT ON TIME, YOU SHOULD CONTACT A LAWYER FOR ADVICE.**

21 **AS THE OWNER OF THIS PROPERTY, YOU ARE ENTITLED TO OFFER TO**
22 **PURCHASE THE GROUND RENT LEASE FROM THE GROUND RENT OWNER AND**
23 **OBTAIN ABSOLUTE OWNERSHIP OF THE PROPERTY. FOR INFORMATION ON**
24 **PURCHASING THE GROUND RENT LEASE, CONTACT THE GROUND RENT OWNER.**
25 **IF THE IDENTITY OF THE GROUND RENT OWNER IS UNKNOWN, THE STATE**
26 **DEPARTMENT OF ASSESSMENTS AND TAXATION PROVIDES A PROCESS TO**
27 **REDEEM THE GROUND RENT THAT MAY RESULT IN YOUR OBTAINING ABSOLUTE**
28 **OWNERSHIP OF THE PROPERTY. IF YOU WOULD LIKE TO OBTAIN ABSOLUTE**
29 **OWNERSHIP OF THIS PROPERTY, YOU SHOULD CONTACT A LAWYER FOR**
30 **ADVICE.”.**

31 14-117.

32 (a) A contract for the sale of real property subject to a ground rent shall
33 contain the following[:

- 1 (1) Notice of the existence of the ground rent; and
- 2 (2) Notice that if the ground rent is not timely paid the effect may be:
 - 3 (i) That the reversionary owner of the ground rent may bring
 - 4 an action for possession against the ground rent tenant under § 8–402.2 of this article;
 - 5 and

- 6 (ii) As a result of the action for possession, the reversionary
- 7 owner of the ground rent may own the property in fee, discharged from the lease.]
- 8 **NOTICE IN BOLDFACE TYPE, AT LEAST AS LARGE AS 14 POINT, IN**
- 9 **SUBSTANTIALLY THE FOLLOWING FORM:**

**“NOTICE REQUIRED BY MARYLAND LAW
REGARDING YOUR GROUND RENT**

**THIS PROPERTY (ADDRESS) IS SUBJECT TO A GROUND LEASE. THE ANNUAL
PAYMENT ON THE GROUND LEASE (“GROUND RENT”) IS \$(DOLLAR AMOUNT),
PAYABLE IN YEARLY OR HALF-YEARLY INSTALLMENTS ON (DATE OR DATES).**

**THE NEXT GROUND RENT PAYMENT IS DUE (DAY, MONTH, YEAR) IN THE
AMOUNT OF \$(DOLLAR AMOUNT).**

THE PAYMENT OF THE GROUND RENT SHOULD BE SENT TO:
(NAME OF GROUND RENT OWNER)
(ADDRESS)
(PHONE NUMBER)

**NOTE REGARDING YOUR RIGHTS AND RESPONSIBILITIES UNDER
MARYLAND LAW:**

**AS THE OWNER OF THIS PROPERTY, YOU ARE OBLIGATED TO PAY THE GROUND
RENT TO THE GROUND RENT OWNER. IT IS ALSO YOUR RESPONSIBILITY TO
NOTIFY THE GROUND RENT OWNER IF YOU CHANGE YOUR ADDRESS OR
TRANSFER OWNERSHIP OF THE PROPERTY.**

**IF YOU FAIL TO PAY THE GROUND RENT ON TIME, YOU ARE STILL RESPONSIBLE
FOR PAYING THE GROUND RENT. IN ADDITION, IF THE GROUND RENT OWNER
FILES AN ACTION IN COURT TO COLLECT THE PAST DUE GROUND RENT, YOU
MAY BE REQUIRED TO PAY THE GROUND RENT OWNER FOR FEES AND COSTS**

1 ASSOCIATED WITH THE COLLECTION OF THE PAST DUE GROUND RENT.
2 MOREOVER, THE GROUND RENT OWNER MAY ALSO FILE AN ACTION IN COURT
3 TO TAKE POSSESSION OF THE PROPERTY WHICH MAY RESULT IN YOUR BEING
4 RESPONSIBLE FOR ADDITIONAL FEES AND COSTS AND ULTIMATELY IN YOUR
5 LOSS OF THE PROPERTY. PLEASE NOTE THAT UNDER MARYLAND LAW, A
6 GROUND RENT OWNER MAY DEMAND NOT MORE THAN 3 YEARS OF PAST DUE
7 GROUND RENT, AND THERE ARE LIMITS ON HOW MUCH A GROUND RENT OWNER
8 MAY BE REIMBURSED FOR SOME OF THE FEES AND COSTS. IF YOU FAIL TO PAY
9 THE GROUND RENT ON TIME, YOU SHOULD CONTACT A LAWYER FOR ADVICE.

10 AS THE OWNER OF THIS PROPERTY, YOU ARE ENTITLED TO OFFER TO
11 PURCHASE THE GROUND RENT LEASE FROM THE GROUND RENT OWNER AND
12 OBTAIN ABSOLUTE OWNERSHIP OF THE PROPERTY. FOR INFORMATION ON
13 PURCHASING THE GROUND RENT LEASE, CONTACT THE GROUND RENT OWNER.
14 IF THE IDENTITY OF THE GROUND RENT OWNER IS UNKNOWN, THE STATE
15 DEPARTMENT OF ASSESSMENTS AND TAXATION PROVIDES A PROCESS TO
16 REDEEM THE GROUND RENT THAT MAY RESULT IN YOUR OBTAINING ABSOLUTE
17 OWNERSHIP OF THE PROPERTY. IF YOU WOULD LIKE TO OBTAIN ABSOLUTE
18 OWNERSHIP OF THIS PROPERTY, YOU SHOULD CONTACT A LAWYER FOR
19 ADVICE.”.

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