

HOUSE BILL 1125

N1

71r2934

By: **Delegate Conaway**

Introduced and read first time: February 16, 2007

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Real Property – Contract for Sale – Notice of Option to Redeem Ground Rent**

3 FOR the purpose of requiring contracts for sale of real property subject to a
4 redeemable ground rent to include notice of the option of redeeming the ground
5 rent for a certain sum; and generally relating to contracts for sale of real
6 property.

7 BY repealing and reenacting, without amendments,
8 Article – Real Property
9 Section 14–117(a)
10 Annotated Code of Maryland
11 (2003 Replacement Volume and 2006 Supplement)

12 BY adding to
13 Article – Real Property
14 Section 14–117(a–1)
15 Annotated Code of Maryland
16 (2003 Replacement Volume and 2006 Supplement)

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

19 **Article – Real Property**

20 14–117.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) A contract for the sale of real property subject to a ground rent shall
2 contain the following:

3 (1) Notice of the existence of the ground rent; and

4 (2) Notice that if the ground rent is not timely paid the effect may be:

5 (i) That the reversionary owner of the ground rent may bring
6 an action for possession against the ground rent tenant under § 8-402.2 of this article;
7 and

8 (ii) As a result of the action for possession, the reversionary
9 owner of the ground rent may own the property in fee, discharged from the lease.

10 **(A-1) A CONTRACT FOR THE SALE OF REAL PROPERTY SUBJECT TO A**
11 **REDEEMABLE GROUND RENT SHALL CONTAIN A PROVISION NOTIFYING THE**
12 **BUYER OF THE OPTION OF REDEEMING THE GROUND RENT, IN ACCORDANCE**
13 **WITH § 8-110 OF THIS ARTICLE, FOR:**

14 **(1) A SUM EQUAL TO THE ANNUAL RENT RESERVED MULTIPLIED**
15 **BY:**

16 **(I) 25, WHICH IS CAPITALIZATION AT 4%, IF THE LEASE WAS**
17 **EXECUTED FROM APRIL 8, 1884, TO APRIL 5, 1888, BOTH INCLUSIVE;**

18 **(II) 8.33, WHICH IS CAPITALIZATION AT 12%, IF THE LEASE**
19 **WAS OR IS CREATED AFTER JULY 1, 1982; OR**

20 **(III) 16.66, WHICH IS CAPITALIZATION AT 6%, IF THE LEASE**
21 **WAS CREATED AT ANY OTHER TIME;**

22 **(2) A LESSER SUM IF SPECIFIED IN THE LEASE; OR**

23 **(3) A SUM TO WHICH THE GROUND RENT LANDLORD AND BUYER**
24 **MAY AGREE AT THE TIME OF REDEMPTION.**

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