

# SENATE BILL 106

N1

EMERGENCY BILL

71r0170  
CF HB 172

---

By: **Senator Della and the President (By Request - Administration) and  
Senators Conway, Frosh, Gladden, Jones, McFadden, Miller, and Pugh**

Introduced and read first time: January 22, 2007

Assigned to: Judicial Proceedings

---

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 13, 2007

---

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

1 AN ACT concerning

2 **Real Property - Ground Rents - Prohibition on Creation of ~~Ground Rent~~**  
3 **~~Leases for~~ Reversionary Interests in Residential Property**

4 FOR the purpose of prohibiting, on or after a certain date, the ~~creation of a lease or~~  
5 ~~sublease of a certain term and subject to the payment of a certain ground rent~~  
6 ~~for certain residential property~~ owner of a fee simple or leasehold estate in  
7 certain residential property from creating a reversionary interest in the  
8 property under a ground lease or a ground sublease under certain  
9 circumstances; providing for the application of this Act; making this Act an  
10 emergency measure; and generally relating to ground ~~rent~~ leases for residential  
11 property.

12 BY adding to

13 Article - Real Property

14 Section 8-111.2

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:

---

**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

Article - Real Property

2

8-111.2.

3

~~ON OR AFTER JANUARY 22, 2007, A LEASE OR SUBLEASE FOR SINGLE FAMILY RESIDENTIAL PROPERTY IMPROVED BY FOUR OR FEWER SINGLE FAMILY UNITS THAT HAS AN INITIAL TERM OF 99 YEARS RENEWABLE FOREVER AND THAT CREATES A LEASEHOLD ESTATE OR SUBLEASEHOLD ESTATE SUBJECT TO THE PAYMENT OF AN ANNUAL GROUND RENT, MAY NOT BE CREATED~~ THE OWNER OF A FEE SIMPLE OR LEASEHOLD ESTATE IN RESIDENTIAL PROPERTY THAT IS USED, INTENDED TO BE USED, OR AUTHORIZED TO BE USED FOR FOUR OR FEWER DWELLING UNITS MAY NOT CREATE A REVERSIONARY INTEREST IN THE PROPERTY UNDER A GROUND LEASE OR A GROUND SUBLEASE FOR A TERM OF YEARS RENEWABLE FOREVER SUBJECT TO THE PAYMENT OF A PERIODIC GROUND RENT.

4

5

6

7

8

9

10

11

12

13

14

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to apply only prospectively and may not be applied or interpreted to have any effect on or application to any ground lease or ground sublease created before January 22, 2007.

15

16

17

18

SECTION 3. AND BE IT FURTHER ENACTED, That this Act is an emergency measure, is necessary for the immediate preservation of the public health or safety, has been passed by a yea and nay vote supported by three-fifths of all the members elected to each of the two Houses of the General Assembly, and shall take effect from the date it is enacted.

19

20

21

22

Approved:

---

Governor.

---

President of the Senate.

---

Speaker of the House of Delegates.