

CHAPTER 285

(House Bill 458)

AN ACT concerning

Ground Rents – Property Owned by Baltimore City – Reimbursement for Expenses – Notices

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

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

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

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

Article – Real Property

8-111.1.

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

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

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

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

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

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

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

8-402.3.

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

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

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

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

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

- (i) Title abstract and examination fees;
- (ii) Judgment report fees;
- (iii) Photocopying and postage fees; and
- (iv) Attorney's fees.

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

- (i) Filing fees and court costs;
- (ii) Expenses incurred in the service of process or otherwise providing notice;
- (iii) Title abstract and examination fees not included under paragraph (1) of this subsection, not exceeding \$300;
- (iv) Reasonable attorney's fees not exceeding \$700; and

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

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

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

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

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

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

(3) The holder of the ground rent shall:

(i) Mail the notice by first class mail to the tenant’s last known address as shown in the records of the State Department of Assessments and Taxation; and

(ii) Obtain a certificate of mailing from the United States Postal Service.

14–115.1.

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

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

Approved by the Governor, May 8, 2007.