

SENATE BILL 780

N1, C8

0lr3228
CF HB 869

By: ~~Senator Raskin~~ Senators Raskin, Frosh, Gladden, Forehand, Jacobs, Muse, Simonaire, and Stone

Introduced and read first time: February 10, 2010

Assigned to: Judicial Proceedings

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 25, 2010

CHAPTER _____

1 AN ACT concerning

2 **Real Property – Affordable Housing Land Trusts**

3 FOR the purpose of exempting a certain affordable housing land trust agreement from
4 the application of the common law rule against perpetuities; authorizing a
5 certain affordable housing land trust agreement to be recorded in the land
6 records; exempting a certain affordable housing land trust agreement from
7 certain provisions relating to a possibility of reverter and right of entry;
8 exempting a certain affordable housing land trust agreement from certain
9 provisions relating to the creation and redemption of reversionary interests;
10 providing for the applicability of this Act; requiring an affordable housing land
11 trust to register with the State Department of Assessments and Taxation;
12 requiring the Department to maintain an online list of registered affordable
13 housing land trusts; authorizing an affordable housing land trust to conduct
14 certain activities relating to the acquisition, leasing, management,
15 maintenance, and preservation of residential real property under certain
16 circumstances; imposing certain conditions on an affordable housing land trust
17 agreement; providing that the affordable housing land trust agreement and a
18 certain affidavit shall be recorded and indexed in the county land records in a
19 certain manner and accepted for recordation by the clerk without the payment
20 of certain taxes; establishing that a certain recordation terminates a certain
21 right of rescission and provides certain proof that a contract of sale was not
22 rescinded; authorizing an affordable housing land trust to repurchase any
23 interest in or take possession of certain residential property under certain
24 circumstances; requiring a certain seller to execute a certain affidavit

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 concerning certain notification to the affordable housing land trust and the
 2 trust's failure to exercise a certain right to repurchase; requiring the
 3 recording of the affidavit; establishing that the recording of the affidavit
 4 provides certain proof that the affordable housing land trust failed to exercise a
 5 certain right of repurchase; limiting the reversionary interest of an affordable
 6 housing land trust under certain circumstances; requiring a tax assessment of
 7 certain affordable housing trust property to be done in a certain manner and to
 8 include a certain notation; prohibiting a nonprofit organization from operating
 9 an affordable housing land trust under certain circumstances; providing for the
 10 transfer of certain property interests under certain circumstances; defining
 11 certain terms; and generally relating to affordable housing land trusts.

12 BY repealing and reenacting, with amendments,
 13 Article – Estates and Trusts
 14 Section 11–102(b)(11) and (12)
 15 Annotated Code of Maryland
 16 (2001 Replacement Volume and 2009 Supplement)

17 BY adding to
 18 Article – Estates and Trusts
 19 Section 11–102(b)(13)
 20 Annotated Code of Maryland
 21 (2001 Replacement Volume and 2009 Supplement)

22 BY repealing and reenacting, with amendments,
 23 Article – Real Property
 24 Section 3–102(a), 6–101, 8–110(a), and 8–111.2
 25 Annotated Code of Maryland
 26 (2003 Replacement Volume and 2009 Supplement)

27 BY adding to
 28 Article – Real Property
 29 Section 14–501 through 14–511 to be under the new subtitle “Subtitle 5.
 30 Affordable Housing Land Trusts”
 31 Annotated Code of Maryland
 32 (2003 Replacement Volume and 2009 Supplement)

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

35 **Article – Estates and Trusts**

36 11–102.

37 (b) Subject to §§ 4–409 of this article and 11–103 of this subtitle, the
 38 common-law rule against perpetuities as now recognized in the State is preserved, but
 39 the rule does not apply to the following:

1 (a) **THIS SECTION DOES NOT APPLY TO AN AFFORDABLE HOUSING LAND**
2 **TRUST AGREEMENT EXECUTED UNDER TITLE 14, SUBTITLE 5 OF THIS ARTICLE.**

3 **(B)** This section is effective on July 1, 1969, with respect to (1) inter vivos
4 instruments taking effect on or after that date, (2) wills of persons who die on or after
5 that date, and (3) appointments by inter vivos instruments or wills made on or after
6 that date under powers created before that date.

7 **[(b)] (C)** If the specified contingency of a special limitation creating a
8 possibility of reverter or of a condition subsequent creating a right of entry for
9 condition broken does not occur within 30 years of the effective date of the instrument
10 creating the possibility or condition, the possibility or condition no longer is valid
11 thereafter.

12 8–110.

13 (a) (1) This section does not apply to leases of property leased for
14 business, commercial, manufacturing, mercantile, or industrial purposes or any other
15 purpose which is not primarily residential, where the term of the lease, including all
16 renewals provided for, does not exceed 99 years. A lease of the entire property
17 improved or to be improved by any apartment, condominium, cooperative, or other
18 building for multiple–family use on the property constitutes a business and not a
19 residential purpose. The term “multiple–family use” does not apply to any duplex or
20 single–family structure converted to a multiple–dwelling unit.

21 (2) Except as provided in subsection (f) of this section, this section does
22 not apply to irredeemable leases executed before April 9, 1884.

23 (3) This section does not apply to leases of the ground or site upon
24 which dwellings or mobile homes are erected or placed in a mobile home development
25 or mobile home park.

26 **(4) THIS SECTION DOES NOT APPLY TO AN AFFORDABLE HOUSING**
27 **LAND TRUST AGREEMENT EXECUTED UNDER TITLE 14, SUBTITLE 5 OF THIS**
28 **ARTICLE.**

29 8–111.2.

30 (a) This section does not apply to property:

31 (1) Leased for business, commercial, manufacturing, mercantile, or
32 industrial purposes, or any other purpose that is not primarily residential;

33 (2) Improved or to be improved by any apartment, condominium,
34 cooperative, or other building for multifamily use of greater than four dwelling units;
35 **[or]**

1 (3) Leased for dwellings or mobile homes that are erected or placed in
2 a mobile home development or mobile home park; OR

3 (4) SUBJECT TO AN AFFORDABLE HOUSING LAND TRUST
4 AGREEMENT EXECUTED UNDER TITLE 14, SUBTITLE 5 OF THIS ARTICLE.

5 (b) On or after January 22, 2007, the owner of a fee simple or leasehold
6 estate in residential property that is or was used, intended to be used, or authorized to
7 be used for four or fewer dwelling units may not create a reversionary interest in the
8 property under a ground lease or a ground sublease for a term of years renewable
9 forever subject to the payment of a periodic ground rent.

10 SUBTITLE 5. AFFORDABLE HOUSING LAND TRUSTS.

11 14-501.

12 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
13 INDICATED.

14 (B) "AFFORDABLE HOUSING LAND TRUST" MEANS AN ENTITY THAT:

15 (1) ~~PROVIDES~~ PROVIDES AFFORDABLE HOUSING TO
16 LOW-INCOME FAMILIES AND MODERATE-INCOME FAMILIES ~~AND THAT IS~~
17 THROUGH AN AFFORDABLE HOUSING LAND TRUST AGREEMENT; AND

18 (2) IS ORGANIZED OR MANAGED BY:

19 ~~(1)~~ (I) A NONPROFIT ORGANIZATION EXEMPT FROM TAXATION
20 UNDER § 501(C)(2), (3), OR (4) OF THE UNITED STATES INTERNAL REVENUE
21 CODE; OR

22 ~~(2)~~ (II) A UNIT OR INSTRUMENTALITY OF THE STATE OR A
23 POLITICAL SUBDIVISION OF THE STATE.

24 (C) "AFFORDABLE HOUSING LAND TRUST AGREEMENT" MEANS AN
25 AGREEMENT BETWEEN AN AFFORDABLE HOUSING LAND TRUST AND A
26 PURCHASER OF REAL PROPERTY OWNED BY THE AFFORDABLE HOUSING LAND
27 TRUST, OR FOR WHICH THE AFFORDABLE HOUSING LAND TRUST HAS A
28 PROPRIETARY OR REVERSIONARY INTEREST, THAT:

29 (1) GRANTS THE AFFORDABLE HOUSING LAND TRUST A
30 PREEMPTIVE RIGHT TO PURCHASE OR REPURCHASE THE PROPERTY,
31 INCLUDING ANY IMPROVEMENTS ON THE PROPERTY;

1 **(2) CONTAINS LANGUAGE RESTRICTING THE TRANSFER, LEASE,**
2 **SUBLEASE, ASSIGNMENT, OR OCCUPANCY OF THE PROPERTY WITH REGARD TO:**

3 **(I) POTENTIAL TRANSFEREES, SUBLESSEES, ASSIGNEES,**
4 **OR OCCUPANTS; AND**

5 **(II) THE PRICE AT WHICH THE PROPERTY MAY BE**
6 **TRANSFERRED; OR**

7 **(3) IMPOSES OTHER CONDITIONS ON THE USE OR TRANSFER OF**
8 **THE PROPERTY THAT WOULD TRIGGER A REVERSIONARY INTEREST AND THAT**
9 **ARE DESIGNED TO ENSURE THAT THE PROPERTY REMAINS AVAILABLE AND**
10 **AFFORDABLE TO LOW-INCOME FAMILIES AND MODERATE-INCOME FAMILIES.**

11 **(D) “FAMILY” MEANS A HOUSEHOLD CONSISTING OF ONE OR MORE**
12 **INDIVIDUALS.**

13 **(E) “LOW-INCOME FAMILY” MEANS A HOUSEHOLD WITH AN INCOME**
14 **THAT DOES NOT EXCEED 80% OF THE AREA MEDIAN INCOME FOR A HOUSEHOLD**
15 **OF THE SAME SIZE.**

16 **(F) “MODERATE-INCOME FAMILY” MEANS A HOUSEHOLD WITH AN**
17 **INCOME THAT DOES NOT EXCEED 140% OF THE AREA MEDIAN INCOME FOR A**
18 **HOUSEHOLD OF THE SAME SIZE.**

19 **(G) “NONPROFIT STATUS” MEANS THE RECOGNITION BY THE INTERNAL**
20 **REVENUE SERVICE THAT AN AFFORDABLE HOUSING LAND TRUST IS EXEMPT**
21 **FROM TAXATION UNDER § 501(C)(2), (3), OR (4) OF THE INTERNAL REVENUE**
22 **CODE.**

23 **14-502.**

24 **(A) AN AFFORDABLE HOUSING LAND TRUST AGREEMENT CREATED**
25 **UNDER THIS SUBTITLE:**

26 **(1) IS NOT A GROUND LEASE; AND**

27 **(2) IS NOT SUBJECT TO ANY PROVISION CONCERNING GROUND**
28 **LEASES UNDER TITLE 8 OR TITLE 14, SUBTITLE 1 OF THIS ARTICLE OR UNDER**
29 **ANY OTHER PROVISION OF THE CODE.**

30 **(B) THIS SUBTITLE DOES NOT APPLY TO ANY GROUND LEASE THAT IS**
31 **SUBJECT TO TITLE 8 OR TITLE 14, SUBTITLE 1 OF THIS ARTICLE.**

1 (C) THIS SUBTITLE MAY NOT BE CONSTRUED TO EXEMPT ANY
2 AFFORDABLE HOUSING LAND TRUST OR ANY AFFORDABLE HOUSING LAND
3 TRUST AGREEMENT FROM ANY PROVISION OF LAW MANDATING EQUAL
4 TREATMENT OR PROHIBITING DISCRIMINATION.

5 **14-503.**

6 (A) IN THIS SECTION, "DEPARTMENT" MEANS THE STATE DEPARTMENT
7 OF ASSESSMENTS AND TAXATION.

8 (B) EACH AFFORDABLE HOUSING LAND TRUST SHALL REGISTER ITS
9 CREATION WITH THE DEPARTMENT ON A FORM PRESCRIBED BY THE
10 DEPARTMENT.

11 (C) AN AFFORDABLE HOUSING LAND TRUST SHALL SUBMIT UPDATES
12 RELATING TO ITS ORGANIZATION, TAX STATUS, ADDRESS, OFFICERS, AND ANY
13 OTHER INFORMATION AS REQUIRED BY THE DEPARTMENT.

14 (D) (1) THE DEPARTMENT SHALL MAINTAIN AN ONLINE LIST OF
15 REGISTERED AFFORDABLE HOUSING LAND TRUSTS IN THE STATE.

16 (2) THE DEPARTMENT IS NOT RESPONSIBLE FOR THE
17 COMPLETENESS OR ACCURACY OF THE CONTENTS OF THE ONLINE LIST OR THE
18 ACCURACY OF ANY REGISTRATION.

19 (E) THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT AND
20 ENFORCE THE PROVISIONS OF THIS SECTION.

21 **14-504.**

22 IN ACCORDANCE WITH THIS SUBTITLE, AN AFFORDABLE HOUSING LAND
23 TRUST MAY:

24 (1) ACQUIRE RESIDENTIAL REAL PROPERTY;

25 (2) ACQUIRE AN INTEREST IN PROPERTY FOR THE
26 CONSTRUCTION OF RESIDENTIAL REAL PROPERTY;

27 (3) MAKE IMPROVEMENTS ON RESIDENTIAL REAL PROPERTY;

28 (4) ENTER INTO AFFORDABLE HOUSING LAND TRUST
29 AGREEMENTS WITH PERSONS WHO MEET THE CRITERIA SET OUT IN THIS
30 SUBTITLE AND ANY OTHER CRITERIA AS ESTABLISHED IN THE AFFORDABLE
31 HOUSING LAND TRUST AGREEMENT FOR THE TRANSFER OF AN INTEREST IN
32 RESIDENTIAL REAL PROPERTY; AND

1 **(5) ENGAGE IN OTHER ACTIVITIES RELATED TO THE SALE,**
2 **LEASING, MANAGEMENT, MAINTENANCE, AND PRESERVATION OF PROPERTIES**
3 **UNDER THE CONTROL OF THE AFFORDABLE HOUSING LAND TRUST.**

4 **14-505.**

5 **(A) AN AFFORDABLE HOUSING LAND TRUST AGREEMENT MAY:**

6 **(1) RESTRICT THE TRANSFER, LEASE, SUBLEASE, OR**
7 **ASSIGNMENT OF POSSESSION OR OF ANY INTEREST IN THE PROPERTY TO A**
8 **PERSON WHO DOES NOT MEET THE CONDITIONS SET FORTH IN THE**
9 **AFFORDABLE HOUSING LAND TRUST AGREEMENT FOR THAT PROPERTY;**

10 **(2) GRANT THE AFFORDABLE HOUSING LAND TRUST THE RIGHT**
11 **TO REPURCHASE ANY INTEREST IN THE PROPERTY AND ANY IMPROVEMENTS ON**
12 **THE PROPERTY UNDER TERMS SET FORTH IN THE AFFORDABLE HOUSING LAND**
13 **TRUST AGREEMENT AND IN ACCORDANCE WITH THE REQUIREMENTS OF §**
14 **~~10-205 OF THIS ARTICLE~~ 14-506 OF THIS SUBTITLE;**

15 **(3) GRANT THE AFFORDABLE HOUSING LAND TRUST THE RIGHT**
16 **TO TAKE POSSESSION OF THE PROPERTY AND SELL THE PROPERTY IF A**
17 **CONDITION DEFINED IN THE AGREEMENT IS MET AND IN ACCORDANCE WITH**
18 **THE REQUIREMENTS OF § ~~10-205 OF THIS ARTICLE~~ 14-507 OF THIS SUBTITLE;**

19 **(4) PROVIDE FOR THE REVERSION OF THE PROPERTY AT THE**
20 **END OF THE TERM OF THE AFFORDABLE HOUSING LAND TRUST AGREEMENT**
21 **UNDER CONDITIONS SET FORTH IN THE AGREEMENT;**

22 **(5) PROVIDE A MECHANISM OR FORMULA FOR THE SHARING OF**
23 **ANY PROCEEDS FROM A FUTURE SALE OR TRANSFER OF AN INTEREST IN THE**
24 **PROPERTY UNDER TERMS SET FORTH IN THE AGREEMENT; AND**

25 **(6) PROVIDE OTHER MECHANISMS TO ENFORCE THE TERMS OF**
26 **THE AFFORDABLE HOUSING LAND TRUST AGREEMENT.**

27 **(B) AN AFFORDABLE HOUSING LAND TRUST SHALL RECORD ANY**
28 **AFFORDABLE HOUSING LAND TRUST AGREEMENT IN ACCORDANCE WITH**
29 **SUBSECTION (F) OF THIS SECTION AND TITLE 3 OF THIS ARTICLE.**

30 **(C) AN AFFORDABLE HOUSING LAND TRUST AGREEMENT:**

31 **(1) MAY NOT EXTEND FOR A TERM LONGER THAN 99 YEARS; AND**

1 (2) MAY BE RENEWED UNDER CONDITIONS SET FORTH IN THE
2 AGREEMENT.

3 (D) AN AFFORDABLE HOUSING LAND TRUST AGREEMENT SHALL:

4 (1) BE IN WRITING; AND

5 (2) CLEARLY IDENTIFY EACH TERM AND CONDITION.

6 (E) (1) A COPY OF AN AFFORDABLE HOUSING LAND TRUST
7 AGREEMENT SHALL BE PROVIDED TO THE PURCHASER OF ANY PROPERTY
8 COVERED BY THE AGREEMENT AT LEAST 15 DAYS BEFORE THE PURCHASER
9 ENTERS INTO A CONTRACT ACQUIRING AN INTEREST IN OR POSSESSION OF ANY
10 PROPERTY COVERED BY THE AGREEMENT.

11 (2) (I) IF A COPY OF THE AFFORDABLE HOUSING LAND TRUST
12 AGREEMENT IS NOT PROVIDED AS REQUIRED UNDER THIS SUBSECTION, A
13 CONTRACT ENTERED INTO BY A PURCHASER OF ANY PROPERTY COVERED BY
14 THE AGREEMENT IS ~~INVALID~~ VOIDABLE BY THE PURCHASER.

15 (II) THE FAILURE TO PROVIDE A COPY OF THE AFFORDABLE
16 HOUSING LAND TRUST AGREEMENT AS REQUIRED UNDER THIS SUBSECTION IS
17 CAUSE FOR THE RESCISSION OF ANY TRANSACTION INVOLVING THE TRANSFER
18 OF ANY INTEREST IN THE PROPERTY BY THE PURCHASER.

19 (F) A COPY OF THE AFFORDABLE HOUSING LAND TRUST AGREEMENT
20 AND A SIGNED, NOTARIZED AFFIDAVIT ACKNOWLEDGING RECEIPT OF THE
21 AFFORDABLE HOUSING LAND TRUST AGREEMENT BY THE TRANSFEREE SHALL
22 ~~BE RECORDED:~~

23 (1) RECORDED IN THE LAND RECORDS OF THE COUNTY IN WHICH
24 THE PROPERTY IS LOCATED;

25 (2) INDEXED IN THE GRANTOR AND GRANTEE INDICES WITH THE
26 SELLER AS GRANTOR AND THE PURCHASER AS GRANTEE; AND

27 (3) NOTWITHSTANDING THE FACT THAT A COPY OF THE
28 AFFORDABLE HOUSING LAND TRUST AGREEMENT, RATHER THAN THE
29 ORIGINAL, IS OFFERED FOR RECORD WITH THE AFFIDAVIT, ACCEPTED FOR
30 RECORDING BY THE CLERK WITHOUT PAYMENT OF RECORDATION AND
31 TRANSFER TAXES.

32 (G) RECORDATION OF A COPY OF THE AFFORDABLE HOUSING LAND
33 TRUST AGREEMENT AND THE AFFIDAVIT:

1 **(1) TERMINATES THE RIGHT OF RESCISSION; AND**

2 **(2) PROVIDES A CONCLUSIVE PRESUMPTION THAT A CONTRACT**
 3 **OF SALE WAS NOT RESCINDED.**

4 **(H) THE TERMS OF AN AFFORDABLE HOUSING LAND TRUST AGREEMENT**
 5 **MAY BE MODIFIED OR CHANGED ONLY WITH THE WRITTEN CONSENT OF ALL THE**
 6 **PARTIES.**

7 **14-506.**

8 **(A) (1) SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION,**
 9 **AN AFFORDABLE HOUSING LAND TRUST AGREEMENT MAY AUTHORIZE THE**
 10 **AFFORDABLE HOUSING LAND TRUST TO REPURCHASE ANY INTEREST IN THE**
 11 **PROPERTY COVERED AND ANY IMPROVEMENTS ON IT UNDER CONDITIONS SET**
 12 **FORTH IN THE AGREEMENT.**

13 **(2) THE TIME PERIOD DURING WHICH THE AFFORDABLE**
 14 **HOUSING LAND TRUST MAY EXERCISE THE RIGHT TO REPURCHASE SHALL BE**
 15 **SET FORTH IN THE AFFORDABLE HOUSING LAND TRUST AGREEMENT AND MAY**
 16 **NOT EXCEED ~~60~~ 120 DAYS FROM THE DATE THAT THE AFFORDABLE HOUSING**
 17 **LAND TRUST RECEIVES NOTICE OF AN EVENT THAT WOULD GIVE THE**
 18 **AFFORDABLE HOUSING LAND TRUST THE RIGHT TO EXERCISE THE RIGHT TO**
 19 **REPURCHASE.**

20 **(3) THE FAILURE OF AN AFFORDABLE HOUSING LAND TRUST TO**
 21 **EXERCISE THE RIGHT TO REPURCHASE DOES NOT PROHIBIT THE AFFORDABLE**
 22 **HOUSING LAND TRUST FROM EXERCISING ANY OTHER RIGHT ESTABLISHED IN**
 23 **THE AGREEMENT, INCLUDING ~~ANY PROVISION TO SHARE IN THE PROCEEDS OF~~**
 24 **~~ANY TRANSFER~~ THE RIGHT TO SHARE IN THE PROCEEDS OF THE FIRST SALE TO**
 25 **A PURCHASER FOLLOWING THE FAILURE OF THE LAND TRUST TO EXERCISE ITS**
 26 **RIGHT TO REPURCHASE.**

27 **(B) (1) EXCEPT AS PROVIDED IN SUBSECTION (A)(3) OF THIS**
 28 **SECTION OR IN THE AFFORDABLE HOUSING LAND TRUST AGREEMENT, THE**
 29 **FAILURE TO EXERCISE A RIGHT TO REPURCHASE EXTINGUISHES THE RIGHT OF**
 30 **THE AFFORDABLE HOUSING LAND TRUST TO EXERCISE ANY REVERSIONARY**
 31 **INTEREST IN THE FUTURE.**

32 **(2) A SUBSEQUENT PURCHASER WHO ACQUIRES THE SPECIFIED**
 33 **INTEREST IN THE PROPERTY IN AN ARMS-LENGTH, THIRD-PARTY TRANSACTION**
 34 **FOR A FAIR MARKET PRICE AFTER THE AFFORDABLE HOUSING LAND TRUST HAS**
 35 **NOT EXERCISED ITS RIGHT TO REPURCHASE RECEIVES TITLE, FREE OF ANY**
 36 **~~RESTRICTIONS ARISING AS A RESULT OF THE AFFORDABLE HOUSING LAND~~**

1 ~~TRUST AGREEMENT~~ RIGHTS ESTABLISHED IN THE AFFORDABLE HOUSING LAND
2 TRUST AGREEMENT THAT WOULD OTHERWISE HAVE BEEN ENFORCEABLE BY
3 THE AFFORDABLE HOUSING LAND TRUST.

4 (3) (i) A SELLER WHO SELLS THE SPECIFIED INTEREST IN THE
5 PROPERTY TO A PURCHASER IN AN ARMS-LENGTH THIRD-PARTY TRANSACTION
6 FOR A FAIR MARKET PRICE AFTER THE AFFORDABLE HOUSING LAND TRUST HAS
7 FAILED TO EXERCISE ITS RIGHT TO REPURCHASE SHALL EXECUTE A SIGNED,
8 NOTARIZED AFFIDAVIT ATTESTING TO THE FACT OF THE SELLER'S
9 NOTIFICATION TO THE AFFORDABLE HOUSING LAND TRUST AND THE
10 AFFORDABLE HOUSING LAND TRUST'S FAILURE TO EXERCISE ITS RIGHT TO
11 REPURCHASE.

12 (ii) THE AFFIDAVIT SHALL BE RECORDED WITH THE DEED
13 TRANSFERRING THE SPECIFIED INTEREST IN THE PROPERTY TO THE
14 PURCHASER IN ACCORDANCE WITH § 14-505(F) OF THIS SUBTITLE.

15 (iii) RECORDATION OF THE AFFIDAVIT UNDER THIS
16 PARAGRAPH PROVIDES A CONCLUSIVE PRESUMPTION OF THE FACT THAT THE
17 AFFORDABLE HOUSING LAND TRUST FAILED TO EXERCISE ITS RIGHT TO
18 REPURCHASE.

19 14-507.

20 AN AFFORDABLE HOUSING LAND TRUST AGREEMENT MAY AUTHORIZE
21 THE AFFORDABLE HOUSING LAND TRUST TO TAKE POSSESSION OF THE
22 PROPERTY AND ANY IMPROVEMENTS AND SELL OR TRANSFER THE SPECIFIED
23 INTEREST IN THE PROPERTY IF:

24 (1) A CONDITION DEFINED IN THE AFFORDABLE HOUSING LAND
25 TRUST AGREEMENT AUTHORIZING THE ACTION IS MET;

26 (2) THE SALE IS MADE ~~TO A DISINTERESTED PARTY UNDER~~
27 ~~CONDITIONS THAT ENSURE THAT A FAIR MARKET PRICE IS OBTAINED~~ UNDER
28 TITLE 14, CHAPTER 300 OF THE MARYLAND RULES;

29 (3) THE OWNER OF THE INTEREST IN THE PROPERTY RETAINS
30 THE RIGHT TO ANY PROCEEDS OF A SALE AS SET FORTH IN THE AFFORDABLE
31 HOUSING LAND TRUST AGREEMENT; AND

32 (4) THE RIGHT OF THE OWNER TO THE PROCEEDS HAS
33 PRECEDENCE OVER ANY CLAIM BY THE AFFORDABLE HOUSING LAND TRUST TO
34 THE PROCEEDS OF THE SALE.

35 14-508.

1 **THE REVERSIONARY RIGHTS OF AN AFFORDABLE HOUSING LAND TRUST**
2 **AS SET FORTH IN THE AFFORDABLE HOUSING LAND TRUST AGREEMENT ARE**
3 **LIMITED TO PROVISIONS THAT RELATE TO:**

4 **(1) THE TRANSFER OF THE PROPERTY TO A PERSON WHO IS NOT**
5 **A PARTY TO THE AGREEMENT OR A PERSON WHO DOES NOT MEET THE**
6 **CONDITIONS SET FORTH IN THE AFFORDABLE HOUSING LAND TRUST**
7 **AGREEMENT;**

8 **(2) THE POSSESSION OF THE PROPERTY BY A PERSON WHO DOES**
9 **NOT MEET THE CONDITIONS SET FORTH IN THE AFFORDABLE HOUSING LAND**
10 **TRUST AGREEMENT;**

11 **(3) THE TRANSFER OF AN INTEREST IN THE PROPERTY TO A**
12 **PERSON WHO DOES NOT MEET THE CONDITIONS SET FORTH IN THE**
13 **AFFORDABLE HOUSING LAND TRUST AGREEMENT;**

14 **(4) THE WASTE, DESTRUCTION, OR ABANDONMENT OF THE**
15 **PROPERTY; OR**

16 **(5) THE FAILURE TO COMPLY WITH ANY FINANCIAL PROVISION IN**
17 **THE AFFORDABLE HOUSING LAND TRUST AGREEMENT.**

18 **14-509.**

19 **(A) IN ANY ASSESSMENT FOR TAX PURPOSES OF PROPERTY SUBJECT TO**
20 **AN AFFORDABLE HOUSING LAND TRUST AGREEMENT, THE PROPERTY SHALL BE**
21 **ASSESSED BASED ON ITS MARKET VALUE SUBJECT TO ANY RESTRICTIONS IN**
22 **THE AFFORDABLE HOUSING LAND TRUST AGREEMENT.**

23 **(B) THE ASSESSMENT SHALL NOTE THAT THE SALE WAS NOT AN**
24 **ARMS-LENGTH TRANSFER ON THE PROPERTY TAX RECORD.**

25 **14-510.**

26 **(A) A NONPROFIT ORGANIZATION OPERATING AN AFFORDABLE**
27 **HOUSING LAND TRUST THAT GIVES UP OR LOSES ITS NONPROFIT STATUS MAY**
28 **NO LONGER OPERATE AN AFFORDABLE HOUSING LAND TRUST UNDER THE**
29 **TERMS OF THIS SUBTITLE.**

30 **(B) A NONPROFIT ORGANIZATION OPERATING AN AFFORDABLE**
31 **HOUSING LAND TRUST MAY TRANSFER ITS INTEREST IN ANY AFFORDABLE**
32 **HOUSING LAND TRUST AGREEMENT TO ANOTHER AFFORDABLE HOUSING LAND**
33 **TRUST, PROVIDED THAT THE NONPROFIT ORGANIZATION DOES NOT RECEIVE**

1 ANY FINANCIAL OR OTHER VALUABLE COMPENSATION FOR THE TRANSFER
2 OTHER THAN COMPENSATION FOR INCIDENTAL COSTS ASSOCIATED WITH THE
3 TRANSFER.

4 (C) IF A NONPROFIT ORGANIZATION OPERATING AN AFFORDABLE
5 HOUSING LAND TRUST GIVES UP OR LOSES ITS NONPROFIT STATUS AND DOES
6 NOT TRANSFER ITS INTEREST IN AN AFFORDABLE HOUSING LAND TRUST
7 AGREEMENT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THE
8 AFFORDABLE HOUSING LAND TRUST AGREEMENT IS ABROGATED AND ANY
9 REVERSIONARY INTEREST CONTAINED IN THE AGREEMENT OR ANY PROVISION
10 FOR THE SHARING OF PROCEEDS BECOMES UNENFORCEABLE.

11 (D) IF AN AFFORDABLE HOUSING LAND TRUST AGREEMENT BECOMES
12 UNENFORCEABLE, THE TITLE HOLDER TO THE PROPERTY OBTAINS FEE SIMPLE
13 TITLE TO THE PROPERTY WITHOUT RESTRICTION.

14 14-511.

15 THIS SUBTITLE MAY BE CITED AS THE AFFORDABLE HOUSING LAND
16 TRUST ACT.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
18 October 1, 2010.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.