

HOUSE BILL 134

N1

6lr0887

By: **Delegate Holmes**

Introduced and read first time: January 20, 2016

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Residential Property – Ground Leases – Notices of Default**

3 FOR the purpose of requiring a ground lease holder to send a copy of a certain notice of
4 ground lease payment default and a certain statement regarding the curing of the
5 default to any holder of record of a secured interest in the property that is subject to
6 the ground lease under certain circumstances; and generally relating to notices of
7 default on residential property subject to a ground lease.

8 BY repealing and reenacting, without amendments,

9 Article – Real Property

10 Section 8–807(a) through (d)

11 Annotated Code of Maryland

12 (2015 Replacement Volume)

13 BY repealing and reenacting, with amendments,

14 Article – Real Property

15 Section 8–807(e)

16 Annotated Code of Maryland

17 (2015 Replacement Volume)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

19 That the Laws of Maryland read as follows:

20 **Article – Real Property**

21 8–807.

22 (a) For property subject to a ground lease in effect on or after July 1, 2007, a
23 ground lease holder may bring an action for possession for nonpayment of ground rent only:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (1) If the ground lease holder has the lawful right to claim possession for
2 nonpayment of ground rent;

3 (2) If the ground lease is registered with the State Department of
4 Assessments and Taxation under Subtitle 7 of this title;

5 (3) If the payment of ground rent is at least 6 months in arrears; and

6 (4) As provided under this section.

7 (b) A holder of a secured interest in the property that is subject to the ground
8 lease, or any portion of the ground lease, that is recorded in the land records of the county
9 in which the property is located may cure the default by paying the outstanding amount
10 due, including, if authorized under the ground lease, reasonable late fees, interest,
11 collection costs, and expenses subject to the same provisions that are applicable to a
12 leasehold tenant who cures a default after receiving notice under subsection (c) or (d) of
13 this section or receiving personal service of process in an action filed under subsection (f) of
14 this section.

15 (c) (1) No less than 60 days before filing an action for possession, the ground
16 lease holder shall send a notice, in the form required under paragraph (2) of this subsection,
17 to the leasehold tenant's last known address as shown in the records of the State
18 Department of Assessments and Taxation, or other place of business or residence if known,
19 by:

20 (i) First-class mail; and

21 (ii) Certified mail, return receipt requested.

22 (2) The notice required under paragraph (1) of this subsection shall be in
23 substantially the same form as the notice contained on the Web site of the State
24 Department of Assessments and Taxation.

25 (3) If authorized under the ground lease, a ground lease holder may be
26 reimbursed for reasonable late fees, interest, collection costs, and expenses not exceeding
27 \$100, provided the outstanding amount due is paid after the notice sent under paragraph
28 (1) of this subsection and before a notice is sent under subsection (d) of this section.

29 (d) (1) After notice has been sent under subsection (c) of this section and no
30 less than 30 days before filing an action for possession, the ground lease holder shall send
31 a notice, in the form required under paragraph (2) of this subsection, to the leasehold
32 tenant's last known address as shown in the records of the State Department of
33 Assessments and Taxation, or other place of business or residence if known, by:

34 (i) First-class mail; and

35 (ii) Certified mail, return receipt requested.

1 (2) The notice required under paragraph (1) of this subsection shall be in
2 14 point bold font and include:

3 (i) An itemized bill for the payment due;

4 (ii) The amount necessary to cure the default, including late fees,
5 interest, collection costs, and expenses authorized under paragraph (3) of this subsection;

6 (iii) The name and address of the person to whom to send the
7 payment due;

8 (iv) The name and contact information of the person to contact for
9 questions about the notice; and

10 (v) A statement that unless the default is cured in 30 days:

11 1. The ground lease holder intends to file an action for
12 possession; and

13 2. The leasehold tenant may be liable for reimbursing the
14 ground lease holder for expenses and costs incurred in connection with the collection of past
15 due ground rent and the filing of the action for possession.

16 (3) If authorized under the ground lease, a ground lease holder may be
17 reimbursed for reasonable late fees, interest, collection costs, and expenses not exceeding
18 \$650, including:

19 (i) Title abstract and examination fees;

20 (ii) Judgment report costs;

21 (iii) Photocopying and postage fees; and

22 (iv) Attorney's fees.

23 (e) (1) The ground lease holder shall send a copy of the [notice] **NOTICES**
24 required under [subsection] **SUBSECTIONS (C) AND (d)** of this section to any holder of
25 record of a secured interest in the property that is subject to the ground lease, or any portion
26 of the ground lease, that is recorded in the land records of the county in which the property
27 is located, to the address shown in the land records or another address if known, by:

28 (i) First-class mail; and

29 (ii) Certified mail, return receipt requested.

1 (2) [The] **EACH** notice required under paragraph (1) of this subsection
2 shall be accompanied by a statement that the holder of a secured interest may:

3 (i) Cure the default by paying the outstanding amount due,
4 including reasonable late fees, interest, collection costs, and expenses authorized under
5 subsection **(C)(3) OR** (d)(3) of this section, **AS APPROPRIATE**; or

6 (ii) 1. Redeem the property in accordance with § 8–804 of this
7 subtitle; and

8 2. Cure the default by paying the outstanding amount due,
9 including reasonable late fees, interest, collection costs, and expenses authorized under
10 subsection **(C)(3) OR** (d)(3) of this section, **AS APPROPRIATE**.

11 (3) If notice is not sent to a holder of record of a secured interest in the
12 property that is subject to the ground lease, or any portion of the ground lease, that is
13 recorded in the land records of the county in which the property is located, a judgment in
14 favor of the ground lease holder does not impair the right of the holder of the secured
15 interest to enforce the secured interest against the property.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 October 1, 2016.