

# HOUSE BILL 952

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By: **Delegate Washington**

Introduced and read first time: February 2, 2021

Assigned to: Environment and Transportation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Real Property – Sale of Apartment Facilities – Rights of Qualified Organizations**

3 FOR the purpose of prohibiting an owner of an apartment facility from taking certain  
4 actions with regard to the sale of an apartment facility unless the owner complies  
5 with the requirements of this Act; requiring an owner to send notice of the owner's  
6 intent to sell an apartment facility to the Department of Housing and Community  
7 Development; requiring the notice of intent to sell to contain certain information;  
8 requiring the Department to take certain actions upon receipt of the notice of intent  
9 to sell; requiring the Department to operate an electronic system for certain  
10 purposes; authorizing the Department to adopt certain regulations; providing that  
11 certain provisions of this Act may not be construed to establish the Department as a  
12 party or an agent to the sale of an apartment facility; authorizing a qualified  
13 organization to send written notice by certain means within a certain period of time  
14 to the owner of or the seller's agent for an apartment facility expressing interest in  
15 purchasing the apartment facility; requiring an owner or a seller's agent to provide  
16 a qualified organization with a disclosure package containing certain information  
17 under certain circumstances; requiring a certain qualified organization to confirm by  
18 a certain means its interest in purchasing an apartment facility within a certain  
19 number of business days after receiving a disclosure package; requiring a certain  
20 qualified organization to submit by a certain means a written offer to purchase an  
21 apartment facility within a certain number of days after receiving a disclosure  
22 package; authorizing the owner of an apartment facility to reject a certain offer and  
23 sell the apartment facility to a person other than a qualified organization under  
24 certain circumstances; requiring an owner who intends to accept a certain offer to  
25 purchase the apartment facility to notify a certain qualified organization by a certain  
26 means and provide the qualified organization with a right of first refusal to purchase  
27 the apartment facility under certain terms; requiring a qualified organization to  
28 notify the owner of or the seller's agent for the apartment facility of the  
29 organization's intent to accept or reject the terms in a certain manner within a  
30 certain number of days after receiving a certain notice; authorizing the owner to  
31 accept a certain offer from a person who is not a qualified organization under certain

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 circumstances; requiring the owner to sell the apartment facility to a certain  
 2 qualifying organization under certain circumstances; authorizing a qualified  
 3 organization that does not receive a certain notice to request that a court issue a  
 4 certain injunction; specifying the conditions that a qualified organization may place  
 5 on tenants after the sale of an apartment facility under this Act; providing that the  
 6 provisions of this Act are severable; defining certain terms; providing for the  
 7 application of this Act; making stylistic changes; and generally relating to the sale  
 8 of apartment facilities.

9 BY renumbering

10 Article – Real Property

11 Section 10–801 and 10–802, respectively, and the subtitle “Subtitle 8. Miscellaneous  
 12 Provisions”

13 to be Section 10–901 and 10–902, respectively, and the subtitle “Subtitle 9.  
 14 Miscellaneous Provisions”

15 Annotated Code of Maryland

16 (2015 Replacement Volume and 2020 Supplement)

17 BY adding to

18 Article – Real Property

19 Section 10–801 through 10–806 to be under the new subtitle “Subtitle 8. Sale of  
 20 Apartment Buildings – Rights of Qualified Organizations”

21 Annotated Code of Maryland

22 (2015 Replacement Volume and 2020 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
 24 That Section(s) 10–801 through 10–802, respectively, and the subtitle “Subtitle 8.  
 25 Miscellaneous Provisions” of Article – Real Property of the Annotated Code of Maryland be  
 26 renumbered to be Section(s) 10–901 through 10–902, respectively, and the subtitle  
 27 “Subtitle 9. Miscellaneous Provisions”.

28 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read  
 29 as follows:

30 **Article – Real Property**

31 **SUBTITLE 8. SALE OF APARTMENT FACILITIES – RIGHTS OF QUALIFIED**  
 32 **ORGANIZATIONS.**

33 **10–801.**

34 **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**  
 35 **INDICATED.**

1           **(B) “APARTMENT FACILITY” MEANS A RESIDENTIAL BUILDING OR COMPLEX**  
2 **THAT CONTAINS FIVE OR MORE INDIVIDUAL DWELLING UNITS OFFERED FOR RENT**  
3 **BY A COMMON LANDLORD.**

4           **(C) “DEPARTMENT” MEANS THE DEPARTMENT OF HOUSING AND**  
5 **COMMUNITY DEVELOPMENT.**

6           **(D) “ELIGIBLE NONPROFIT CORPORATION” MEANS A NONPROFIT**  
7 **CORPORATION OPERATING IN THE STATE ESTABLISHED FOR THE PURPOSE OF**  
8 **DEVELOPING, REHABILITATING, OR OPERATING AFFORDABLE RENTAL HOUSING.**

9           **(E) “QUALIFIED ORGANIZATION” MEANS:**

10           **(1) A HOUSING AUTHORITY ESTABLISHED UNDER TITLE 12 OF THE**  
11 **HOUSING AND COMMUNITY DEVELOPMENT ARTICLE;**

12           **(2) AN ELIGIBLE NONPROFIT CORPORATION;**

13           **(3) A LEGAL ENTITY OF WHICH THE CONTROLLING MEMBER IS A**  
14 **HOUSING AUTHORITY OR AN ELIGIBLE NONPROFIT CORPORATION; OR**

15           **(4) A DEVELOPER OR AN OPERATOR OF A SENIOR APARTMENT**  
16 **FACILITY.**

17           **(F) (1) “SENIOR APARTMENT FACILITY” MEANS AN APARTMENT**  
18 **FACILITY THAT PROVIDES HOUSING FOR OLDER PERSONS AS DEFINED UNDER 42**  
19 **U.S.C. § 3607.**

20           **(2) “SENIOR APARTMENT FACILITY” DOES NOT INCLUDE A NURSING**  
21 **HOME OR AN ASSISTED LIVING FACILITY.**

22 **10-802.**

23           **(A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THIS**  
24 **SUBTITLE APPLIES TO THE SALE OR TRANSFER OF AN APARTMENT FACILITY IN THE**  
25 **STATE.**

26           **(B) THIS SUBTITLE DOES NOT APPLY TO THE SALE OR TRANSFER OF AN**  
27 **APARTMENT FACILITY THAT IS:**

28           **(1) OWNED BY A UNIT OF LOCAL, STATE, OR FEDERAL GOVERNMENT;**

29           **(2) TRANSFERRED BY EMINENT DOMAIN;**

1           **(3) FUNDED, IN WHOLE OR IN PART, BY A LOAN OR GRANT PROVIDED**  
2 **BY A GOVERNMENT AGENCY AND SUBJECT TO CONDITIONS THAT RESTRICT**  
3 **OCCUPANCY OR RENTS BASED ON THE ANNUAL EARNINGS, AGE, OR PHYSICAL**  
4 **ABILITIES OF THE TENANT, PROVIDED THAT THE APARTMENT FACILITY IS**  
5 **OPERATED UNDER THE SAME CONDITIONS AFTER THE SALE OR TRANSFER;**

6           **(4) OWNED BY OR ASSOCIATED WITH A MEDICAL OR EDUCATIONAL**  
7 **INSTITUTION;**

8           **(5) AT LEAST ONE-HALF OWNED BY THE LANDLORD OF THE**  
9 **APARTMENT FACILITY IF THE LANDLORD OCCUPIES A DWELLING UNIT IN THE**  
10 **APARTMENT FACILITY AS THE LANDLORD'S PRINCIPAL RESIDENCE;**

11           **(6) SOLD OR TRANSFERRED TO THE OWNER'S:**

12                   **(I) SPOUSE;**

13                   **(II) PARENT;**

14                   **(III) CHILD;**

15                   **(IV) SIBLING;**

16                   **(V) GRANDPARENT; OR**

17                   **(VI) GRANDCHILD;**

18           **(7) TRANSFERRED BY THE OWNER INTO A TRUST FOR THE BENEFIT**  
19 **OF THE OWNER OR AN INDIVIDUAL LISTED IN ITEM (6) OF THIS SUBSECTION;**

20           **(8) TRANSFERRED BY A DECEDENT'S ESTATE TO AN INDIVIDUAL**  
21 **LISTED IN ITEM (6) OF THIS SUBSECTION OR A TRUST ESTABLISHED FOR THE**  
22 **BENEFIT OF THE INDIVIDUAL; OR**

23           **(9) TRANSFERRED PURSUANT TO A COURT ORDER OR A SETTLEMENT**  
24 **AGREEMENT APPROVED BY A COURT.**

25 **10-803.**

26           **UNLESS AN OWNER OF AN APARTMENT FACILITY COMPLIES WITH THE**  
27 **REQUIREMENTS OF THIS SUBTITLE, THE OWNER MAY NOT:**

1           **(1) OFFER THE APARTMENT FACILITY FOR SALE TO A PURCHASER**  
2 **OTHER THAN A QUALIFIED ORGANIZATION;**

3           **(2) SOLICIT AN OFFER TO PURCHASE THE APARTMENT FACILITY**  
4 **FROM A PURCHASER OTHER THAN A QUALIFIED ORGANIZATION; OR**

5           **(3) ACCEPT AN UNSOLICITED OFFER TO PURCHASE THE APARTMENT**  
6 **FACILITY FROM A PARTY OTHER THAN A QUALIFIED ORGANIZATION.**

7 **10-804.**

8           **(A) THE OWNER OF AN APARTMENT FACILITY THAT INTENDS TO SELL THE**  
9 **APARTMENT FACILITY SHALL SEND A NOTICE TO THE DEPARTMENT THAT**  
10 **INCLUDES:**

11           **(1) THE ADDRESS OF THE APARTMENT FACILITY;**

12           **(2) A DESCRIPTION OF THE APARTMENT FACILITY;**

13           **(3) THE ADDRESS OF THE OWNER, IF DIFFERENT FROM THE ADDRESS**  
14 **OF THE APARTMENT FACILITY;**

15           **(4) THE NAME, E-MAIL ADDRESS, AND TELEPHONE NUMBER OF THE**  
16 **OWNER;**

17           **(5) THE NAME, E-MAIL ADDRESS, AND TELEPHONE NUMBER OF THE**  
18 **SELLER'S AGENT, IF APPLICABLE; AND**

19           **(6) ANY ADDITIONAL INFORMATION REQUIRED BY THE**  
20 **DEPARTMENT.**

21           **(B) ON RECEIPT OF THE NOTICE REQUIRED UNDER SUBSECTION (A) OF THIS**  
22 **SECTION, THE DEPARTMENT SHALL:**

23           **(1) POST THE NOTICE ON THE DEPARTMENT'S WEBSITE FOR 10**  
24 **BUSINESS DAYS; AND**

25           **(2) PROVIDE THE OWNER OF THE APARTMENT FACILITY WITH A**  
26 **RECEIPT THAT INDICATES THE DATE AND TIME THE NOTICE WAS POSTED TO THE**  
27 **DEPARTMENT'S WEBSITE.**

28           **(C) THE DEPARTMENT SHALL OPERATE AN ELECTRONIC SYSTEM TO:**

1           **(1) RECEIVE NOTICES REQUIRED UNDER SUBSECTION (A) OF THIS**  
2 **SECTION;**

3           **(2) CERTIFY AND REGISTER QUALIFIED ORGANIZATIONS;**

4           **(3) ALLOW A USER TO VERIFY THE CERTIFICATION AND**  
5 **REGISTRATION OF A QUALIFIED ORGANIZATION; AND**

6           **(4) NOTIFY QUALIFIED ORGANIZATIONS REGISTERED WITH THE**  
7 **DEPARTMENT OF NEW NOTICES POSTED TO THE DEPARTMENT'S WEBSITE.**

8           **(D) THE DEPARTMENT MAY ADOPT REGULATIONS TO CARRY OUT THIS**  
9 **SECTION.**

10           **(E) NOTHING IN THIS SECTION MAY BE CONSTRUED TO ESTABLISH THE**  
11 **DEPARTMENT AS A PARTY OR AN AGENT TO A PARTY TO THE SALE OF AN APARTMENT**  
12 **FACILITY.**

13 **10-805.**

14           **(A) THIS SECTION APPLIES ONLY TO A QUALIFIED ORGANIZATION THAT IS**  
15 **CERTIFIED BY AND REGISTERED WITH THE DEPARTMENT.**

16           **(B) (1) A QUALIFIED ORGANIZATION MAY, DURING THE PERIOD OF TIME**  
17 **SPECIFIED UNDER § 10-804(B)(1) OF THIS SUBTITLE, SEND WRITTEN NOTICE, BY**  
18 **CERTIFIED MAIL OR ELECTRONIC MEANS, TO THE OWNER OF OR THE SELLER'S**  
19 **AGENT FOR THE APARTMENT FACILITY EXPRESSING INTEREST IN PURCHASING THE**  
20 **APARTMENT FACILITY.**

21           **(2) IF THE OWNER OF OR THE SELLER'S AGENT FOR THE APARTMENT**  
22 **FACILITY DOES NOT RECEIVE AN EXPRESSION OF INTEREST FROM A QUALIFIED**  
23 **ORGANIZATION DURING THE PERIOD OF TIME SPECIFIED UNDER § 10-804(B)(1) OF**  
24 **THIS SUBTITLE, THE OWNER MAY PROCEED IN SELLING THE PROPERTY WITHOUT**  
25 **REGARD TO THIS SECTION.**

26           **(C) IF THE OWNER OF OR SELLER'S AGENT FOR THE APARTMENT FACILITY**  
27 **RECEIVES AN EXPRESSION OF INTEREST FROM A QUALIFIED ORGANIZATION IN**  
28 **ACCORDANCE WITH SUBSECTION (B) OF THIS SECTION, THE OWNER OR THE**  
29 **SELLER'S AGENT SHALL PROVIDE THE QUALIFIED ORGANIZATION WITH A**  
30 **DISCLOSURE PACKAGE THAT INCLUDES, AT MINIMUM:**

31           **(1) THE REQUESTED PURCHASE PRICE OR STARTING BID IF ONE HAS**  
32 **BEEN ESTABLISHED FOR THE APARTMENT FACILITY;**

1           **(2) THE ANNUAL EXPENSES ASSOCIATED WITH OPERATING THE**  
2 **APARTMENT FACILITY, INCLUDING MANAGEMENT, INSURANCE, UTILITIES, AND**  
3 **REGULAR MAINTENANCE COSTS; AND**

4           **(3) A LIST OF KNOWN LATENT DEFECTS OF THE APARTMENT FACILITY**  
5 **AND, IF AVAILABLE, THE RESERVE STUDY FOR THE APARTMENT FACILITY.**

6           **(D) (1) (I) WITHIN 10 BUSINESS DAYS AFTER RECEIVING THE**  
7 **DISCLOSURE PACKAGE UNDER SUBSECTION (C) OF THIS SECTION, A QUALIFIED**  
8 **ORGANIZATION THAT IS INTERESTED IN SUBMITTING AN OFFER TO PURCHASE THE**  
9 **APARTMENT FACILITY SHALL CONFIRM ITS INTEREST BY SENDING WRITTEN**  
10 **NOTICE, BY CERTIFIED MAIL OR ELECTRONIC MEANS, TO THE OWNER OF OR THE**  
11 **SELLER'S AGENT FOR THE APARTMENT FACILITY.**

12                   **(II) IF THE OWNER OR SELLER'S AGENT DOES NOT RECEIVE A**  
13 **CONFIRMATION OF INTEREST FROM THE QUALIFIED ORGANIZATION IN**  
14 **ACCORDANCE WITH SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE OWNER MAY**  
15 **PROCEED IN SELLING THE PROPERTY WITHOUT REGARD TO THIS SECTION.**

16           **(2) (I) WITHIN 60 DAYS AFTER RECEIVING THE DISCLOSURE**  
17 **PACKAGE UNDER SUBSECTION (C) OF THIS SECTION, A QUALIFIED ORGANIZATION**  
18 **THAT HAS CONFIRMED ITS INTEREST UNDER PARAGRAPH (1)(I) OF THIS**  
19 **SUBSECTION SHALL SUBMIT A WRITTEN OFFER TO PURCHASE THE APARTMENT**  
20 **FACILITY, BY CERTIFIED MAIL OR ELECTRONIC MEANS, TO THE OWNER OF OR THE**  
21 **SELLER'S AGENT FOR THE APARTMENT FACILITY.**

22                   **(II) IF THE OWNER OR SELLER'S AGENT DOES NOT RECEIVE AN**  
23 **OFFER TO PURCHASE THE APARTMENT FACILITY WITHIN 60 DAYS AFTER THE**  
24 **QUALIFIED ORGANIZATION RECEIVED THE DISCLOSURE PACKAGE IDENTIFIED IN**  
25 **SUBSECTION (C) OF THIS SECTION, THE OWNER MAY PROCEED IN SELLING THE**  
26 **PROPERTY WITHOUT REGARD TO THIS SECTION.**

27           **(E) (1) THE OWNER OF THE APARTMENT FACILITY MAY:**

28                   **(I) REJECT AN OFFER SUBMITTED BY A QUALIFIED**  
29 **ORGANIZATION UNDER SUBSECTION (D) OF THIS SECTION; AND**

30                   **(II) IF THE OWNER REJECTS ALL OFFERS RECEIVED UNDER**  
31 **SUBSECTION (D) OF THIS SECTION, SELL THE PROPERTY TO ANY OTHER BUYER**  
32 **SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION.**

1           **(2) (I) IF THE OWNER OF THE APARTMENT FACILITY INTENDS TO**  
2 **ACCEPT AN OFFER MADE BY A PERSON OTHER THAN A QUALIFIED ORGANIZATION**  
3 **TO PURCHASE THE APARTMENT FACILITY FOR A PRICE THAT IS LESS THAN THE**  
4 **PRICE OFFERED BY A QUALIFIED ORGANIZATION UNDER SUBSECTION (D) OF THIS**  
5 **SECTION, THE OWNER SHALL:**

6                   **1. NOTIFY THE QUALIFIED ORGANIZATION BY**  
7 **CERTIFIED MAIL OR ELECTRONIC MEANS OF THE OFFER THE OWNER INTENDS TO**  
8 **ACCEPT; AND**

9                   **2. PROVIDE THE QUALIFIED ORGANIZATION WITH A**  
10 **RIGHT OF FIRST REFUSAL TO PURCHASE THE APARTMENT FACILITY UNDER THE**  
11 **SAME TERMS AS THOSE PROPOSED IN THE OFFER THE OWNER INTENDS TO ACCEPT.**

12                   **(II) WITHIN 10 DAYS AFTER RECEIVING NOTICE UNDER**  
13 **SUBPARAGRAPH (I) OF THIS PARAGRAPH, A QUALIFIED ORGANIZATION SHALL**  
14 **NOTIFY THE OWNER OF OR THE SELLER'S AGENT FOR THE APARTMENT FACILITY OF**  
15 **THE ORGANIZATION'S INTENT TO ACCEPT OR REJECT THE TERMS BY CERTIFIED**  
16 **MAIL OR ELECTRONIC MEANS.**

17                   **(III) 1. IF THE OWNER OF OR THE SELLER'S AGENT FOR THE**  
18 **APARTMENT FACILITY DOES NOT RECEIVE AN ACCEPTANCE FROM A QUALIFIED**  
19 **ORGANIZATION UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE OWNER MAY**  
20 **ACCEPT THE OFFER FROM THE PERSON THAT IS NOT A QUALIFIED ORGANIZATION.**

21                   **2. IF THE OWNER OF OR THE SELLER'S AGENT FOR THE**  
22 **APARTMENT FACILITY RECEIVES AN ACCEPTANCE FROM MORE THAN ONE**  
23 **QUALIFIED ORGANIZATION UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE**  
24 **OWNER SHALL SELL THE APARTMENT FACILITY TO THE QUALIFYING ORGANIZATION**  
25 **THAT MADE ITS ACCEPTANCE FIRST.**

26                   **(IV) A QUALIFIED ORGANIZATION THAT DOES NOT RECEIVE THE**  
27 **NOTICE REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH MAY REQUEST**  
28 **THAT A COURT OF COMPETENT JURISDICTION ISSUE AN INJUNCTION IN ORDER TO**  
29 **ALLOW COMPLIANCE WITH THIS PARAGRAPH.**

30 **10-806.**

31           **A QUALIFIED ORGANIZATION THAT PURCHASES AN APARTMENT FACILITY IN**  
32 **ACCORDANCE WITH THIS SUBTITLE:**



1           **(1) SHALL ALLOW A TENANT WHOSE TENANCY BEGAN BEFORE THE**  
2 **SALE OF THE APARTMENT FACILITY TO CONTINUE THE TENANCY UNTIL THE END OF**  
3 **THE LEASE; BUT**

4           **(2) MAY RESTRICT NEW TENANCIES CREATED AFTER THE SALE OF**  
5 **THE APARTMENT FACILITY AS ALLOWED OR REQUIRED BY LAW.**

6           SECTION 3. AND BE IT FURTHER ENACTED, That, if any provision of this Act or  
7 the application thereof to any person or circumstance is held invalid for any reason in a  
8 court of competent jurisdiction, the invalidity does not affect other provisions or any other  
9 application of this Act that can be given effect without the invalid provision or application,  
10 and for this purpose the provisions of this Act are declared severable.

11           SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall be construed to  
12 apply only prospectively and may not be applied or interpreted to have any effect on or  
13 application to any contractual right of first offer or right of first refusal for the purchase of  
14 an apartment facility, as defined in § 10–801 of the Real Property Article as enacted by  
15 Section 2 of this Act, created before the effective date of this Act.

16           SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect  
17 October 1, 2021.