

Article - Corporations and Associations

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§5-6B-05.

(a) (1) At least 180 days before a tenant is required to vacate a portion of a residential rental facility used as a residence that is acquired or is to be acquired by a cooperative housing corporation or that is owned by or is to be owned by a corporation that may become a cooperative housing corporation, the owner and the landlord of each tenant in possession of a portion of the residential rental facility shall give the tenant a notice in substantially the form specified in subsection (f) of this section.

(2) For effective notice, the owner and the landlord, at least 15 days before giving the notice required by this section, shall file with the Secretary of State a copy of the notice, a list of the tenants to whom the owner and the landlord anticipate giving notice, and an affidavit in substantially the following form:

“I hereby affirm under the penalty of perjury that the notice requirements of § 5-6B-05 of the Corporations and Associations Article, if applicable, have been fulfilled.

Developer

By “

(3) If a tenant first leases a portion of the premises as a residence after the notice required by this subsection has been given, the owner and the landlord, if other than the owner, shall inform the tenant in writing that the notice has been given. The tenant shall be so informed on or before signing the lease or taking possession, whichever occurs first.

(b) The notice shall be considered to have been given to each tenant if delivered by hand or mailed, postage prepaid, to the tenant’s last known address.

(c) A tenant leasing a portion of a residential rental facility as a residence at the time the notice referred to in subsection (a) of this section is given to the tenant may not be required to vacate the premises prior to the expiration of 180 days from the giving of the notice except for:

(1) Breach of a covenant in the lease occurring before or after the notice is given;

(2) Nonpayment of rent occurring before or after the notice is given;

or

(3) Failure of the tenant to vacate the premises at the time that is indicated by the tenant in a notice given to the landlord under subsection (e) of this section.

(d) (1) If the lease term of a tenant who leases a portion of a residential rental facility as a residence at the time the notice referred to in subsection (a) of this section is given would ordinarily terminate during the 180-day period, the lease term shall be extended, at the option of the tenant, until the expiration of the 180-day period.

(2) The extended term shall be at the same rent and on the same terms and conditions as were applicable on the last day of the lease term.

(e) A tenant who leases a portion of a residential rental facility as a residence at the time the notice referred to in subsection (a) of this section is given may terminate the lease, without penalty for termination, upon at least 30 days' written notice to the landlord.

(f) The notice referred to in subsection (a) of this section shall be sufficient for the purposes of this section if it is in substantially the following form. As to rental facilities containing fewer than 10 units, "Section 2" of the notice is not required to be given.

"NOTICE OF INTENTION TO CREATE A COOPERATIVE HOUSING CORPORATION

..... (date)

This is to inform you that the residential rental facility known as has been or may be acquired by a cooperative housing corporation or that the current owner of the residential rental facility has or may become a cooperative housing corporation in accordance with the Maryland Cooperative Housing Corporation Act. You may be required to move out of your residence after 180 days have passed from the date of this notice, or in other words, after (date).

Section 1
Rights that Apply to All Tenants

If you are a tenant in this residential rental facility and you have not already given notice that you intend to move, you have the following rights, provided you have previously paid your rent and continue to pay your rent and abide by the other terms and conditions of your lease.

(1) You may remain in your residence on the same rent, terms, and conditions of your existing lease until either the end of your lease term or until (date) (the end of the 180–day period), whichever is later. If your lease term ends during the 180–day period, it will be extended on the same rent, terms, and conditions until (date) (the end of the 180–day period). In addition, certain households may be entitled to extend their leases beyond the 180 days as described in Section 2.

(2) You have the right to purchase your residence before it can be sold publicly. A purchase offer describing your right to purchase is included with this notice.

(3) If you do not choose to purchase your residence, and the annual income for all present members of your household did not exceed (the income eligibility figure for the appropriate area which equals approximately 80 percent of the median income for your county or standard metropolitan area) for 20__, you are entitled to receive \$375 when you move out of your residence. You are also entitled to be reimbursed for moving expenses, as defined in the Maryland Cooperative Housing Corporation Act, over \$375 up to \$750 which are actually and reasonably incurred. If the annual income for all present members of your household did exceed (the income eligibility figure for the appropriate area which equals approximately 80 percent of the median income for your county or standard metropolitan area) for 20__, you are entitled to be reimbursed up to \$750 for moving expenses, as defined in the Maryland Cooperative Housing Corporation Act, actually and reasonably incurred. To receive reimbursement for moving expenses, you must make a written request, accompanied by reasonable evidence of your expenses, within 30 days after you move. You are entitled to be reimbursed within 30 days after your request has been received.

(4) If you want to move out of your residence before the end of the 180–day period or the end of your lease, you may cancel your lease without penalty by giving at least 30 days’ prior written notice. However, once you give notice of when you intend to move, you will not have the right to remain in your residence beyond that date.

Section 2
Right to 3–Year Lease Extension or 3–Month Rent Payment for Certain
Handicapped Citizens and Senior Citizens

The developer who converts this residential rental facility to a cooperative housing corporation must offer extended leases to qualified households for up to 20 percent of the units in the residential rental facility. Households which receive extended leases will have the right to continue renting their residences for at least 3 years from the date of this notice. A household may cancel an extended lease by

giving 3 months' written notice if more than 1 year remains on the lease, and 1 month's written notice if 1 year or less remains on the lease.

Rents under these extended leases may be increased only once each year and are limited by increases in the cost of living index. Read the enclosed lease to learn the additional rights and responsibilities of tenants under extended leases.

In determining whether your household qualifies for an extended lease, the following definitions apply:

(1) "Handicapped citizen" means a person with a measurable limitation of mobility due to congenital defect, disease, or trauma.

(2) "Senior citizen" means a person who is at least 62 years old on the date of this notice.

(3) "Annual income" means the total income from all sources for all present members of your household for the income tax year immediately preceding the year in which this notice is issued, whether or not included in the definition of gross income for federal or State tax purposes. For purposes of this section, the inclusions to and exclusions from annual income are the same as for "gross income" as that term is defined in § 9-104(a)(8) of the Tax – Property Article for the property tax credits for homeowners by reason of income and age, reduced by unreimbursed medical expenses if the tenant provides reasonable evidence of the unreimbursed medical expenses or consents in writing to authorize disclosure of relevant information regarding medical expense reimbursement at the time of applying for an extended lease. Total income means the same as "gross income" as defined in § 9-104(a)(8) of the Tax – Property Article.

To qualify for an extended lease you must meet all of the following criteria:

(1) A member of the household must be a handicapped citizen or a senior citizen and must be living in your unit as of the date of this notice and must have been a member of your household for at least the 12 months immediately preceding the date of this notice;

(2) Annual income for all present members of your household must not have exceeded (80 percent of applicable median income) for 20__; and

(3) You must be current in your rental payment and otherwise be in good standing under your existing lease.

If you meet all of these qualifications and you desire an extended lease, then you must complete the enclosed form and execute the enclosed lease and return

the completed form and executed lease to the office listed below within 60 days after the date of this notice, or in other words, by (date). If your completed form and executed lease are not received within that time, you will not be entitled to an extended lease.

If the number of qualified households requesting extended leases exceeds the 20 percent limitation, the extended leases shall be allocated as determined by the local governing body. If the local governing body fails to provide for allocation, units shall be allocated by the developer based on seniority by continuous length of residence.

Due to the 20 percent limitation your application for an extended lease must be processed before your lease becomes effective. Your lease will become effective if it is determined that your household is qualified and falls within the 20 percent limitation.

If you return the enclosed form and lease by(date), you will be notified within 75 days after the date of this notice, or in other words, by(date), whether you are qualified and whether your household falls within the 20 percent limitation.

You may apply for an extended lease and, at the same time, choose to purchase a cooperative interest. If you apply for and receive an extended lease, your contract will be void. If you do not receive an extended lease, your contract will be effective and you will be obligated to purchase a cooperative interest.

If you qualify for an extended lease, but due to the 20 percent limitation, your lease is not effective, the developer must pay you an amount equal to 3 months' rent within 15 days after you move. You are also entitled to up to \$750 reimbursement for your moving expenses, as described in Section 1.

If you qualify for an extended lease, but do not want one, you are also entitled to both the moving expense reimbursement previously described and the payment equal to 3 months' rent. In order to receive the 3 months' rent payment, you must complete and return the enclosed form within 60 days after the date of this notice or by (date), but you should not execute the enclosed lease.

All applications, forms, executed leases, and moving expense requests should be addressed or delivered to:

.....
.....
..... “

(g) The failure of a landlord or owner to give notice as required by this section is a defense to an action for possession.

(h) This section does not apply to a tenant whose lease term expires during the 180-day period and who has given written notice of intent not to renew the lease before the notice required by subsection (a) of this section is given.

(i) A tenant may not waive the rights under this section except as otherwise provided under this subtitle.

(j) At the expiration of the 180-day period a tenant shall become a tenant from month-to-month subject to the same rent, terms, and conditions as those existing at the giving of the notice required by subsection (a) of this section, if the tenant's initial lease has expired and the tenant has not:

(1) Entered into a new lease;

(2) Vacated under subsection (e) of this section; or

(3) Been notified in accordance with applicable law prior to the expiration of the 180-day period that the tenant must vacate at the end of that period.

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