

# HOUSE BILL 91

N1

2lr0756

(PRE-FILED)

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By: **Delegate Holmes**

Requested: October 12, 2021

Introduced and read first time: January 12, 2022

Assigned to: Environment and Transportation

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Committee Report: Favorable

House action: Adopted

Read second time: February 22, 2022

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

### 2 **Irredeemable Ground Rents – Notice and Filing Requirements**

3 FOR the purpose of requiring the online registry of properties subject to ground leases  
4 maintained by the State Department of Assessments and Taxation to include certain  
5 information; requiring the holder of an irredeemable ground rent to file a renewal  
6 notice of intention to preserve irredeemability of the ground rent with the  
7 Department within a certain period of time; and generally relating to ground leases  
8 and ground rents.

9 BY repealing and reenacting, with amendments,  
10 Article – Real Property  
11 Section 8–703 and 8–805  
12 Annotated Code of Maryland  
13 (2015 Replacement Volume and 2021 Supplement)

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

### 16 **Article – Real Property**

17 8–703.

18 (a) **(1)** The Department shall maintain an online registry of **ALL** properties  
19 that are subject to ground leases.

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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           **(2) THE ONLINE REGISTRY SHALL:**

2                   **(I) IDENTIFY PROPERTIES FOR WHICH A RENEWAL NOTICE TO**  
3 **PRESERVE THE IRREDEEMABILITY OF AN IRREDEEMABLE GROUND LEASE HAS BEEN**  
4 **FILED; AND**

5                   **(II) INCLUDE A CLEAR NOTATION OF THE EXPIRATION DATE**  
6 **FOR EACH RENEWAL NOTICE.**

7           (b) The Department is not responsible for the completeness or accuracy of the  
8 contents of the online registry.

9 8–805.

10           (a) (1) In this section the following words have the meanings indicated.

11                   (2) **“DEPARTMENT” MEANS THE STATE DEPARTMENT OF**  
12 **ASSESSMENTS AND TAXATION.**

13                   (3) **“Irredeemable ground rent”** means a ground rent created under a  
14 ground lease executed before April 9, 1884, that does not contain a provision allowing the  
15 leasehold tenant to redeem the ground rent.

16                   [(3)] (4) **“Redeemable ground rent”** means a ground rent that may be  
17 redeemed in accordance with this section or redeemed or extinguished in accordance with  
18 § 8–804(f) of this subtitle.

19           (b) (1) An irredeemable ground rent shall be converted to, and become, a  
20 redeemable ground rent, unless within the [time] **TIMES** specified in subsection (e) of this  
21 section, a notice of intention to preserve irredeemability is recorded **AMONG THE LAND**  
22 **RECORDS OF THE COUNTY WHERE THE PROPERTY IS LOCATED AND FILED WITH THE**  
23 **DEPARTMENT.**

24                   (2) The conversion of an irredeemable ground rent to a redeemable ground  
25 rent occurs on the day following the end of the period in which the notice may be recorded  
26 **AMONG THE LAND RECORDS OF THE COUNTY WHERE THE PROPERTY IS LOCATED OR**  
27 **FILED WITH THE DEPARTMENT.**

28                   (3) A disability or lack of knowledge of any kind does not prevent the  
29 conversion of an irredeemable ground rent to a redeemable ground rent if no notice of  
30 intention to preserve irredeemability is filed within the [time] **TIMES** specified in  
31 subsection (e) of this section.

1 (c) (1) Any ground lease holder of an irredeemable ground rent may record a  
2 notice of intention to preserve irredeemability among the land records of the county where  
3 the land is located.

4 (2) The notice may be recorded by:

5 (i) The person claiming to be the ground lease holder; or

6 (ii) If the ground lease holder is under a disability or otherwise  
7 unable to assert a claim on the ground lease holder's own behalf, any other person acting  
8 on the ground lease holder's behalf.

9 (d) (1) To be effective and to be entitled to be recorded, the notice shall be  
10 executed by the ground lease holder, acknowledged before a notary public, and contain  
11 substantially the following information:

12 (i) An accurate description of the leasehold interest affected by the  
13 notice, including, if known, the property improvement address;

14 (ii) The name of every ground lease holder of an irredeemable ground  
15 rent;

16 (iii) The name of every leasehold tenant as of the time the notice is  
17 filed according to the land records or the records of the State Department of Assessments  
18 and Taxation;

19 (iv) The recording reference of the ground lease;

20 (v) The recording reference of every leasehold tenant's leasehold  
21 deed, as of the time the notice is filed, according to the land records or the records of the  
22 State Department of Assessments and Taxation;

23 (vi) The recording reference of every irredeemable ground rent  
24 ground lease holder's deed; and

25 (vii) The block number for the leasehold interest if the property is  
26 located in Baltimore City.

27 (2) (i) A notice that substantially meets the requirements of this section  
28 shall be accepted for recording among the land records on payment of the same fees as are  
29 charged for the recording of deeds.

30 (ii) The filing of a notice is exempt from the imposition of a State or  
31 local excise tax.

32 (3) The notice shall be indexed as "Notice of Intention to Preserve  
33 Irredeemability":

1 (i) In the grantee indices of deeds under the name of every ground  
2 lease holder of an irredeemable ground rent;

3 (ii) In the grantor indices of deeds under the name of every leasehold  
4 tenant as of the time the notice is filed according to the land records or the records of the  
5 State Department of Assessments and Taxation; and

6 (iii) In the block index in Baltimore City.

7 (e) (1) To preserve the irredeemability of an irredeemable ground rent, a  
8 notice of intention to preserve shall be recorded on or before December 31, 2010.

9 (2) If a notice of intention to preserve is not recorded on or before December  
10 31, 2010, the ground rent becomes a redeemable ground rent.

11 (3) If a notice is recorded on or before December 31, 2010, the ground rent  
12 shall remain irredeemable for a period of 10 years from January 1, 2011, to December 31,  
13 2020, both inclusive.

14 (4) (i) The effectiveness of a filed notice to preserve irredeemability  
15 shall lapse on January 1, 2021, and the ground rent shall become a redeemable ground  
16 rent, unless [a]:

17 1. A renewal notice containing substantially the same  
18 information as the notice of intention to preserve irredeemability is recorded within 6  
19 months before the expiration of the 10-year period set forth in paragraph (3) of this  
20 subsection; AND

21 2. THE RENEWAL NOTICE IS FILED WITH THE  
22 DEPARTMENT ON OR BEFORE APRIL 1, 2023.

23 (ii) The effectiveness of any subsequently filed renewal notice shall  
24 lapse after the expiration of the applicable 10-year period and the ground rent shall become  
25 a redeemable ground rent, unless [further]:

26 1. FURTHER renewal notices are recorded within 6 months  
27 before the expiration of the applicable 10-year period; AND

28 2. EACH RENEWAL NOTICE IS FILED WITH THE  
29 DEPARTMENT WITHIN 3 MONTHS AFTER THE DATE OF RECORDATION IN THE LAND  
30 RECORDS.

31 (f) A ground rent made redeemable in accordance with this section:

1 (1) Is redeemable at any time following the date of conversion of the  
2 irredeemable ground rent to a redeemable ground rent; and

3 (2) Shall be redeemable for a sum equal to the annual rent reserved  
4 multiplied by 16.66, which is capitalization at 6 percent.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
6 October 1, 2022.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.