

Chapter 326

(House Bill 91)

AN ACT concerning

Irredeemable Ground Rents – Notice and Filing Requirements

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

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

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

Article – Real Property

8–703.

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

(2) THE ONLINE REGISTRY SHALL:

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

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

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

8–805.

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

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

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

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

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

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

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

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

(2) The notice may be recorded by:

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

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

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

- (i) An accurate description of the leasehold interest affected by the notice, including, if known, the property improvement address;
- (ii) The name of every ground lease holder of an irredeemable ground rent;
- (iii) The name of every leasehold tenant as of the time the notice is filed according to the land records or the records of the State Department of Assessments and Taxation;
- (iv) The recording reference of the ground lease;
- (v) The recording reference of every leasehold tenant's leasehold deed, as of the time the notice is filed, according to the land records or the records of the State Department of Assessments and Taxation;
- (vi) The recording reference of every irredeemable ground rent ground lease holder's deed; and
- (vii) The block number for the leasehold interest if the property is located in Baltimore City.

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

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

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

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

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

(iii) In the block index in Baltimore City.

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

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

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

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

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

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

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

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

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

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

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

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

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

Approved by the Governor, May 12, 2022.