

Article - Real Property

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§8–807.

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

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

(2) If the ground lease is registered with the Department under Subtitle 7 of this title;

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

(4) As provided under this section.

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

(c) (1) (i) No less than 60 days before filing an action for possession, the ground lease holder shall send a notice, in the form required under paragraph (2) of this subsection, to the leasehold tenant's last known address and to the premises address as shown in the records of the Department by first-class mail and certified mail, return receipt requested.

(ii) If a leasehold tenant's last known mailing address and the premises address listed in the records of the Department are different, the ground lease holder shall mail one copy of the notice by first-class mail and one copy of the notice by certified mail, return receipt requested, to each address, respectively.

(iii) A ground lease holder may not require a leasehold tenant to reimburse the ground lease holder for costs incurred in providing notice required under this subsection.

(2) The Department shall develop and make available on its website the form a ground lease holder must use to provide to a leasehold tenant the notice required under paragraph (1) of this subsection.

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

(d) (1) (i) After notice has been sent under subsection (c) of this section and no fewer than 30 days before filing an action for possession, the ground lease holder shall send a notice, in the form required under paragraph (2) of this subsection, to the leasehold tenant's last known address and to the premises address as shown in the records of the Department by first-class mail and certified mail, return receipt requested.

(ii) If a leasehold tenant's last known mailing address and the premises address listed in the records of the Department are different, the ground lease holder shall mail one copy of the notice by first-class mail and one copy of the notice by certified mail, return receipt requested, to each address, respectively.

(iii) A ground lease holder may not require a leasehold tenant to reimburse the ground lease holder for costs incurred in providing notice required under this subsection.

(2) (i) The Department shall develop and make available on its website the form a ground lease holder must use to provide to a leasehold tenant the notice required under paragraph (1) of this subsection.

(ii) The form shall be in 14 point bold font and require the following:

1. An itemized bill for the payment due;
2. The amount necessary to cure the default, including late fees, interest, collection costs, and expenses authorized under paragraph (3) of this subsection;
3. The name and address of the person to whom to send the payment due;
4. The name and contact information of the person to contact for questions about the notice; and

5. A statement that unless the default is cured in 30 days:

A. The ground lease holder intends to file an action for possession; and

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

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

- (i) Title abstract and examination fees;
- (ii) Judgment report costs;
- (iii) Photocopying and postage fees; and
- (iv) Attorney's fees.

(e) (1) The ground lease holder shall send a copy of the notice required under subsection (d) of this section to any holder of record of a secured interest in the property that is subject to the ground lease, or any portion of the ground lease, that is recorded in the land records of the county in which the property is located, to the address shown in the land records or another address if known, by:

- (i) First-class mail; and
- (ii) Certified mail, return receipt requested.

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

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

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

2. Cure the default by paying the outstanding amount due, including reasonable late fees, interest, collection costs, and expenses authorized under subsection (d)(3) of this section.

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

(f) (1) If the default is not cured, the ground lease holder may file in circuit court an action for possession no less than 30 days after notice is sent under subsection (d) of this section.

(2) An action filed under this subsection shall be accompanied by:

(i) An itemized bill for the payment due;

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

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

(iv) An affidavit affirming compliance with the notice requirements under subsections (b), (c), and (d) of this section, including copies of the proofs of mailing from the United States Postal Service; and

(v) A list of each holder of record of a secured interest in the property that is subject to the ground lease, or any portion of the ground lease, that is recorded in the land records of the county in which the property is located.

(3) If authorized under the ground lease, a ground lease holder may be reimbursed for reasonable late fees, interest, collection costs, and expenses, including:

(i) Filing fees and court costs;

(ii) Expenses incurred in the service of process or otherwise providing notice;

(iii) Reasonable attorney's fees not exceeding \$500; and

(iv) Taxes, including interest and penalties, that have been paid by the ground lease holder or plaintiff.

(g) (1) Personal service of process in an action filed under subsection (f) of this section shall be made in accordance with the Maryland Rules.

(2) The individual making service of process under this subsection shall file proof of service with the court in accordance with the Maryland Rules.

(h) (1) A holder of record of a secured interest in the property that is subject to the ground lease, or any portion of the ground lease, that is recorded in the land records of the county in which the property is located, shall be made a party, as provided under the Maryland Rules, to an action filed under subsection (f) of this section.

(2) The ground lease holder shall send to each holder of record of a secured interest that is made a party to the action under paragraph (1) of this subsection a statement that the holder of a secured interest may:

(i) Cure the default by paying the outstanding amount due, including reasonable late fees, interest, collection costs, and expenses authorized under subsection (f)(3) of this section; or

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

2. Cure the default by paying the outstanding amount due, including reasonable late fees, interest, collection costs, and expenses authorized under subsection (f)(3) of this section.

(3) If a holder of record of a secured interest is not made a party to the action as provided under paragraph (1) of this subsection, a judgment in favor of the ground lease holder does not impair the right of the holder of the secured interest to enforce the secured interest against the property.

(i) Within 6 months after execution of a writ of possession in favor of the ground lease holder, the leasehold tenant or any other person claiming under the ground lease may:

(1) Pay the past due ground rent and any late fees, interest, collection costs, and expenses authorized under this section; and

(2) Commence a proceeding to obtain relief from the writ.

(j) (1) Except as provided in this section, a ground lease holder or plaintiff is not entitled to reimbursement for any costs or expenses related to the collection of ground rent.

(2) A ground lease holder or plaintiff may not receive a writ of possession or reimbursement for any costs or expenses related to the collection of ground rent unless all the notice requirements of this section are met.

(k) If a ground lease holder receives and executes a writ of possession, and if authorized under the ground lease, the ground lease holder may be reimbursed for reasonable late fees, interest, collection costs, and expenses as specified in subsection (c)(3), (d)(3), or (f)(3) of this section.

(l) This section does not preclude a ground lease holder from using other legal means to enforce a ground lease.

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