

## Bryson F. Popham, P.A.

Bryson F. Popham, Esq.

191 Main Street  
Suite 310  
Annapolis, MD 21401  
[www.papalaw.com](http://www.papalaw.com)

410-268-6871 (Telephone)  
443-458-0444 (Facsimile)

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The Honorable Kumar P. Barve, Chairman  
House Environment and Transportation Committee  
Room 251 House Office Building  
Annapolis, MD. 21401

RE: House Bill 1218 - Landlord and Tenant – Estoppel Certificates – Notice of Receipt by Landlord  
UNFAVORABLE

Dear Chairman Barve, Delegate Conaway and Members of the Committee,

I am writing on behalf of my client, the Building Owners and Managers Association of Greater Baltimore (BOMA), in opposition to House Bill 1218.

BOMA, through its nearly 300 members, represents owners and managers of all types of commercial property, comprising 143 million square feet of office, industrial and mixed use space in Baltimore and Central Maryland. BOMA members' facilities support over 19,000 jobs and contribute \$2.5 billion to the Maryland economy each year.

BOMA's objection to this legislation is limited to its application to commercial leases. If the bill is amended to apply only to residential leases, BOMA will withdraw its opposition.

BOMA notes the similarity between House Bill 1218 and another bill before this Committee, House Bill 960, which BOMA has also opposed.

Estoppel certificates are used by a landlord when it wants to either sell or refinance its building. An estoppel certificate is sent to a tenant and contains a number of statements in it which the landlord wants the tenant to confirm (for example, the date of the lease, term, rental amount, amount of the deposit, whether there are any defaults, etc.). The estoppel certificate is written for the benefit of the buyer or lender and is designed to keep the tenant from taking a contrary position thereafter. This gives the assurance to the lender or buyer that the lease terms are acknowledged and understood.

While there is an attempt to define the term "estoppel certificate" in House Bill 1218, that definition is quite general and will not prevent the frequent occurrence of disputes over the scope and meaning of that term should the bill be enacted.

Virtually every commercial, industrial and retail lease requires that the tenant sign an estoppel certificate when presented by the landlord. Failure to sign and return an estoppel certificate would constitute an event of default. In this way, the landlord preserves the ability to enter into financing and or to sell the building and has the leverage over the tenant so that the tenant will cooperate in that process.

In commercial leasing, it is an accepted business practice to use estoppel certificates. Because these provisions can be negotiated between commercial landlord and tenant, there is no need to alter their current use. There is no demonstrated need to support the new restrictions on estoppel certificates proposed in HB 1218. Indeed, there is no demonstrated need for any change in the use of this common tool in commercial lease negotiations.

For these reasons, BOMA respectfully requests an unfavorable report on House Bill 1218.

Very truly yours,

A handwritten signature in black ink, appearing to read "Bryson Popham". The signature is fluid and cursive, with the first name "Bryson" and last name "Popham" clearly distinguishable.

Bryson F. Popham, Esq.

cc: The Honorable Frank M. Conaway, Jr. at [conaway@house.state.md.us](mailto:conaway@house.state.md.us)  
Kevin J. Bauer