

HOUSE BILL 1162

N1

2lr2357

By: **Delegate McMillan**

Introduced and read first time: February 10, 2012

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Ground Leases – Registration, Remedies, and Reorganization of Provisions**

3 FOR the purpose of prohibiting a ground lease holder from bringing a certain action
4 unless the ground lease is registered with the State Department of Assessments
5 and Taxation; repealing a certain deadline for registering a ground lease with
6 the Department; repealing certain provisions of law relating to the
7 extinguishment of the reversionary interest of a ground lease holder for failure
8 to register the ground lease before a certain date; requiring the Department to
9 prepare a certain Deed of Redemption that contains certain information;
10 establishing the cost of recording a Deed of Redemption; requiring the clerk to
11 forward a copy of a recorded Deed of Redemption to the Department;
12 authorizing the holder of a certain ground lease to bring an action for ejectment
13 for nonpayment under certain circumstances; repealing provisions of law
14 providing that establishing a lien is the remedy for nonpayment of a ground
15 rent on certain residential property; authorizing the holder of a ground rent to
16 be reimbursed for certain expenses incurred in collecting past due ground rent
17 and filing an action for ejectment; making a certain provision of law authorizing
18 a certain action for possession applicable to certain actions for nonpayment of
19 ground rent; transferring certain provisions of law governing ground leases and
20 ground rents; making certain conforming changes; and generally relating to
21 ground leases and ground rents.

22 BY renumbering

23 Article – Real Property

24 Section 8–111.1(c)

25 to be Section 8–730

26 Annotated Code of Maryland

27 (2010 Replacement Volume and 2011 Supplement)

28 BY repealing and reenacting, without amendments,

29 Article – Real Property

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 8–101, 8–107, 8–109, 8–701, 8–702, 8–703, and 8–706
 2 Annotated Code of Maryland
 3 (2010 Replacement Volume and 2011 Supplement)

4 BY repealing
 5 Article – Real Property
 6 Section 8–402.3, 8–707, and 8–708
 7 Annotated Code of Maryland
 8 (2010 Replacement Volume and 2011 Supplement)

9 BY repealing and reenacting, with amendments,
 10 Article – Real Property
 11 Section 8–110, 8–110.1, 8–111.2, 8–402.2; 8–704, 8–705, 8–709,
 12 8–710, and 8–711 to be under the amended subtitle “Subtitle 7. Ground
 13 Leases”; 14–108.1(a), 14–115.1, 14–116, 14–116.1, 14–116.2, 14–117, and
 14 14–129
 15 Annotated Code of Maryland
 16 (2010 Replacement Volume and 2011 Supplement)

17 BY adding to
 18 Article – Real Property
 19 New part designation “Part I. Definitions” to immediately precede 8–701; new
 20 part designation “Part II. Registration of Ground Leases” to immediately
 21 precede 8–702; Section 8–707 and 8–708; 8–714 to be under the new part
 22 “Part III. Redemption of Ground Leases”; 8–718 to be under the new part
 23 “Part IV. Enforcement”; 8–724 to be under the new part “Part V. Notice
 24 Requirements”; and new part designation “Part VI. Miscellaneous
 25 Provisions” to immediately precede 8–728
 26 Annotated Code of Maryland
 27 (2010 Replacement Volume and 2011 Supplement)

28 BY repealing and reenacting, with amendments,
 29 Article – Real Property
 30 Section 8–730
 31 Annotated Code of Maryland
 32 (2010 Replacement Volume and 2011 Supplement)
 33 (As enacted by Section 1 of this Act)

34 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 35 MARYLAND, That Section(s) 8–111.1(c) of Article – Real Property of the Annotated
 36 Code of Maryland be renumbered to be Section(s) 8–730.

37 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
 38 read as follows:

39 **Article – Real Property**

1 8-101.

2 A transferee of the reversion in leased property or of the rent has the same
3 remedies by entry, action, or otherwise for nonperformance of any condition or
4 agreement contained in the lease, as the original landlord would have had if the
5 reversion or rent had remained in the original landlord. A transferee of the reversion
6 in leased property is subject to the same remedies, by action or otherwise, for
7 nonperformance of any agreement contained in the lease, as the original landlord. This
8 section applies to any transferee of a reversion in leased property, by voluntary grant
9 or operation of law.

10 8-107.

11 If there is no demand or payment for more than 20 consecutive years of any
12 specific rent reserved out of a particular property or any part of a particular property
13 under any form of lease, the rent conclusively is presumed to be extinguished and the
14 landlord may not set up any claim for the rent or to the reversion in the property out
15 of which it issued. The landlord also may not institute any suit, action, or proceeding
16 to recover the rent or the property. However, if the landlord is under any legal
17 disability when the period of 20 years of nondemand or nonpayment expires, the
18 landlord has two years after the removal of the disability within which to assert the
19 landlord's rights.

20 8-109.

21 Uninterrupted possession for 12 months after the expiration of the lease
22 containing a covenant for perpetual renewal of all or part of the leased premises by the
23 tenant or any person claiming under the tenant operates as a renewal with respect to
24 the entire premises. It conclusively is presumed in reference to the whole or any part
25 of the leased premises, of which possession is retained, and in favor of the tenant or of
26 the person claiming under the tenant, that a new lease of the whole of the leased
27 premises was executed prior to the expiration of the lease by the landlord named in it,
28 or by the person rightfully claiming under the landlord, to the tenant, or the person
29 rightfully claiming under the tenant for the additional term under the rent and on the
30 covenants, conditions, and stipulations as were provided in the lease.

31 [8-402.3.

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

33 (2) "Ground lease" means a residential lease or sublease for a term of
34 years renewable forever subject to the payment of a periodic ground rent.

35 (3) (i) "Ground lease holder" means the holder of the reversionary
36 interest under a ground lease.

1 (ii) "Ground lease holder" includes an agent of the ground lease
2 holder.

3 (4) "Ground rent" means a rent issuing out of, or collectible in
4 connection with, the reversionary interest under a ground lease.

5 (5) "Leasehold interest" means the tenancy in real property created
6 under a ground lease.

7 (6) "Leasehold tenant" means the holder of the leasehold interest
8 under a ground lease.

9 (7) "Property" means property subject to a ground lease against which
10 a lien is intended to be imposed under this section.

11 (b) (1) This section applies to residential property that is or was used,
12 intended to be used, or authorized to be used for four or fewer dwelling units.

13 (2) This section does not apply to property:

14 (i) Leased for business, commercial, manufacturing, mercantile,
15 or industrial purposes, or any other purpose that is not primarily residential;

16 (ii) Improved or to be improved by any apartment,
17 condominium, cooperative, or other building for multifamily use of greater than four
18 dwelling units; or

19 (iii) Leased for dwellings or mobile homes that are erected or
20 placed in a mobile home development or mobile home park.

21 (c) (1) Notwithstanding any provision of a ground lease giving the ground
22 lease holder the right to reenter, the establishment of a lien under this section is the
23 remedy for nonpayment of a ground rent.

24 (2) This section does not affect the right of a ground lease holder to
25 bring a civil action against the leasehold tenant seeking a money judgment for the
26 amount of the past due ground rent.

27 (d) Subject to §§ 8–111 and 8–111.1 of this title, if a ground rent is unpaid 6
28 months after its due date, the ground lease holder may obtain a lien under this section
29 in the amount of the ground rent due.

30 (e) (1) A ground lease holder seeking to create a lien under this section
31 shall give written notice to:

32 (i) The leasehold tenant; and

1 (ii) Each mortgagee or trustee of the property whose lien is on
2 record.

3 (2) (i) Notice under this subsection shall be served on the leasehold
4 tenant by:

5 1. Certified mail, return receipt requested, addressed to
6 the leasehold tenant or the leasehold tenant's successor in interest at the individual's
7 current address; or

8 2. Personal delivery to the leasehold tenant or the
9 leasehold tenant's successor in interest.

10 (ii) If the ground lease holder is unable to serve the leasehold
11 tenant under subparagraph (i) of this paragraph, notice under this subsection shall be
12 given by:

13 1. Mailing the notice to the leasehold tenant's last
14 known address; and

15 2. Posting the notice in a conspicuous manner on the
16 property on the door or other front part of the property by the ground lease holder in
17 the presence of a competent witness.

18 (iii) Notice to any mortgagee or trustee under this subsection
19 shall be given by sending the notice by certified and first-class mail to the most
20 current address for notices as set forth in the land records or, if no such address is
21 contained in the land records, to the mortgagee's or trustee's current address.

22 (3) A notice under this subsection shall include:

23 (i) The name and address of the party seeking to create the
24 lien;

25 (ii) A statement of intent to create a lien;

26 (iii) An identification of the ground lease;

27 (iv) The amount of ground rent alleged to be due;

28 (v) A description of the property sufficient to identify the
29 property;

30 (vi) A statement that the party to whom notice is given under
31 this subsection has the right to object to the establishment of a lien by filing a
32 complaint in the circuit court and the right to a hearing;

1 (vii) An explanation of the procedure to file a complaint and
2 request a hearing; and

3 (viii) A statement that, unless the past due ground rent is paid or
4 a complaint is filed under subsection (f) of this section within 45 days after the notice
5 is served, a lien will be imposed on the property.

6 (f) (1) A party to whom notice is given under subsection (e) of this section
7 may, within 45 days after the notice is served on the party, file a complaint in the
8 circuit court for the county in which the property is located to determine whether a
9 lien should be established.

10 (2) A complaint filed under this subsection shall include:

11 (i) The name of the complainant and the name of the party
12 seeking to establish the lien;

13 (ii) A copy of the notice served under subsection (e) of this
14 section; and

15 (iii) An affidavit containing a statement of facts that would
16 preclude establishment of the lien for the unpaid ground rent alleged in the notice.

17 (3) A party filing a complaint under this subsection may request a
18 hearing at which any party may appear to present evidence.

19 (g) If a complaint is filed, the party seeking to establish the lien has the
20 burden of proof.

21 (h) Before any hearing held under subsection (f) of this section, the party
22 seeking to establish a lien may supplement, by means of an affidavit, any information
23 contained in the notice given under subsection (e) of this section.

24 (i) If a complaint is filed under subsection (f) of this section, the court shall
25 review any pleadings filed, including any supplementary affidavit filed under
26 subsection (h) of this section, and shall conduct a hearing if requested under
27 subsection (f)(3) of this section.

28 (j) (1) If the court determines that a lien should be established, it shall
29 enter an order finding the amount of ground rent due and imposing a lien on the
30 property identified in the notice under subsection (e) of this section.

31 (2) If the court determines that a lien should not be established, it
32 shall enter an order denying a lien.

33 (3) The court may award to the prevailing party in an action under
34 this section:

1 (i) Court costs; and

2 (ii) Reasonable expenses and attorney's fees not exceeding \$500.

3 (k) (1) (i) If a complaint was filed under subsection (f) of this section,
4 the amount of the lien shall be for the ground rent found by the court to be due and
5 any costs, expenses, and attorney's fees awarded by the court.

6 (ii) If a complaint was not filed under subsection (f) of this
7 section and the past due ground rent was not paid, the amount of the lien shall be for
8 the amount alleged to be due in the notice under subsection (e) of this section and
9 reasonable expenses and attorney's fees not exceeding \$150.

10 (2) The amount of the lien shall increase by the amount of ground rent
11 accruing after the filing of the statement of lien in the land records plus simple
12 interest at the rate prescribed by law accruing from the date of the filing of the
13 statement of lien in the land records.

14 (l) (1) If the court orders a lien to be imposed under subsection (j) of this
15 section, or if the leasehold tenant or any mortgagee of the property fails to pay the
16 amount of the lien under subsection (k)(1)(ii) of this section or file a complaint under
17 subsection (f) of this section, the ground lease holder may file a statement of lien in the
18 land records of the county in which the property is located.

19 (2) A lien imposed under this subtitle has priority from the date the
20 ground lease was created.

21 (m) A statement of lien is sufficient for purposes of this section if it is in
22 substantially the following form:

23 "STATEMENT OF LIEN

24 This is to certify that the property described as _____ is subject to a lien
25 under § 8-402.3 of the Real Property Article, Annotated Code of Maryland, in the
26 amount of \$_____. The property is owned by _____.

27 I hereby affirm under the penalty of perjury that notice was given under
28 § 8-402.3(e) of the Real Property Article on _____, and that the information
29 contained in the foregoing statement of lien is true and correct to the best of my
30 knowledge, information, and belief.

31 _____
32 (name of party claiming lien)".

33 (n) (1) A lien under this section may be enforced and foreclosed by the
34 party who obtained the lien in the same manner and subject to the same

1 requirements, as the foreclosure of a mortgage or deed of trust containing neither a
2 power of sale nor an assent to decree.

3 (2) A foreclosure sale may not be made if, at any time before the sale,
4 the lien is satisfied and the costs of giving notice of the sale are paid.

5 (3) If the property subject to the lien is sold at a foreclosure sale, the
6 ground lease holder shall be paid out of the proceeds of the sale:

7 (i) For a redeemable ground rent, the amount of the lien and
8 the redemption amount under § 8–110(b)(2) of this title and the purchaser shall take
9 title to the property free and clear of the ground lease; and

10 (ii) For an irredeemable ground rent, the amount of the lien and
11 the purchaser shall take title to the property subject to the ground lease.

12 (o) If the lienholder cannot be located, the lien may be satisfied and the
13 redeemable ground rent redeemed in accordance with § 8–110(f) of this title by paying
14 the amount of the lien and the amount set forth in § 8–110(f)(4) of this title.]

15 Subtitle 7. [Registry of] Ground Leases.

16 **PART I. DEFINITIONS.**

17 8–701.

18 (a) In this subtitle the following words have the meanings indicated.

19 (b) “Current ground rent deed of record” means the document that vests title
20 to the reversionary interest in the current ground lease holder.

21 (c) “Department” means the State Department of Assessments and Taxation.

22 (d) “Ground lease” means a residential lease or sublease for a term of years
23 renewable forever subject to the payment of a periodic ground rent.

24 (e) (1) “Ground lease holder” means the holder of the reversionary
25 interest under a ground lease.

26 (2) “Ground lease holder” includes an agent of the ground lease holder.

27 (f) “Ground rent” means a rent issuing out of, or collectible in connection
28 with, the reversionary interest under a ground lease.

29 (g) “Leasehold interest” means the tenancy in real property created under a
30 ground lease.

1 (h) "Leasehold tenant" means the holder of the leasehold interest under a
2 ground lease.

3 **PART II. REGISTRATION OF GROUND LEASES.**

4 8-702.

5 (a) This subtitle applies to residential property that was or is used, intended
6 to be used, or authorized to be used for four or fewer dwelling units.

7 (b) This subtitle does not apply to property:

8 (1) Leased for business, commercial, manufacturing, mercantile, or
9 industrial purposes, or any other purpose that is not primarily residential;

10 (2) Improved or to be improved by any apartment, condominium,
11 cooperative, or other building for multifamily use of greater than four dwelling units;
12 or

13 (3) Leased for dwellings or mobile homes that are erected or placed in
14 a mobile home development or mobile home park.

15 8-703.

16 (a) The Department shall maintain an online registry of properties that are
17 subject to ground leases.

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

20 8-704.

21 (a) A ground lease holder shall register a ground lease with the Department
22 by submitting:

23 (1) A registration form that the Department requires; and

24 (2) The registration fee for each ground lease as provided under
25 subsection (c) of this section.

26 (b) The registration form shall include:

27 (1) The premise address and tax identification number of the property
28 for which the ground lease was created;

29 (2) The name and address of the ground lease holder;

- 1 (3) The name and address of the leasehold tenant;
- 2 (4) The name and address of the person to whom the ground rent
3 payment is sent;
- 4 (5) The amount and payment dates of the ground rent installments;
- 5 (6) To the best of the ground lease holder's knowledge, a statement of
6 the range of years in which the ground lease was created; and
- 7 (7) The liber and folio information for the current ground rent deed of
8 record.

9 (c) The registration fee for a ground lease per ground lease holder is:

- 10 (1) \$10 for the first ground lease; and
- 11 (2) **[For] \$5 FOR** each additional ground lease[:
- 12 (i) \$3 before October 1, 2008;
- 13 (ii) \$4 on or after October 1, 2008 and before October 1, 2009;
- 14 and
- 15 (iii) \$5 on or after October 1, 2009].

16 8-705.

17 (a) The Department shall register a ground lease when the Department
18 receives:

- 19 (1) A registration form; and
- 20 (2) The appropriate registration fee for each ground lease.

21 (b) **[(1)]** If for any reason the Department is unable to register a ground
22 lease for which a registration form and appropriate fee has been submitted, the
23 Department shall notify the ground lease holder of that ground lease, within 30 days
24 of processing the registration form, of any information needed by the Department so as
25 to complete the registration.

26 **[(2)]** The ground lease holder shall have up to 30 days to supply the
27 needed information to the Department before any action may be taken under § 8-708
28 of this subtitle.]

29 8-706.

1 After a ground lease is registered, the ground lease holder shall promptly notify
2 the Department of:

3 (1) A change in the name or address of the ground lease holder,
4 leasehold tenant, or person to whom the ground rent payment is sent;

5 (2) A redemption of the ground lease; and

6 (3) Any other information the Department requires.

7 **[8-707.**

8 (a) Except as provided in subsection (b) of this section, a ground lease holder
9 shall register a ground lease under this subtitle before September 30, 2010.

10 (b) If a ground lease holder is under a legal disability at the expiration of the
11 registration period under subsection (a) of this section, the ground lease holder has 2
12 years after the removal of the disability to register the ground lease.]

13 **8-707.**

14 **IF A GROUND LEASE IS NOT REGISTERED IN ACCORDANCE WITH THIS**
15 **SUBTITLE, THE GROUND LEASE HOLDER MAY NOT BRING A CIVIL ACTION**
16 **AGAINST THE LEASEHOLD TENANT SEEKING A MONEY JUDGMENT FOR THE**
17 **AMOUNT OF ANY GROUND RENT DUE.**

18 **[8-708.**

19 (a) If a ground lease holder does not satisfy the requirements of § 8-707 of
20 this subtitle, the reversionary interest of the ground lease holder under the ground
21 lease is extinguished and ground rent is no longer payable to the ground lease holder.

22 (b) If a ground lease is extinguished under this section, on application of a
23 leasehold tenant, the Department shall issue to the leasehold tenant a ground lease
24 extinguishment certificate.

25 (c) The extinguishment of the ground lease is effective to conclusively vest a
26 fee simple title in the leasehold tenant, free and clear of any and all right, title, or
27 interest of the ground lease holder, any lien of a creditor of the ground lease holder,
28 and any person claiming by, through, or under the ground lease holder when the
29 leasehold tenant records the certificate in the land records of the county in which the
30 property is located.

31 (d) To the extent that the extinguishment of a ground lease under this
32 section creates income for the leasehold tenant, that income may not be considered in

1 the calculation of income for the purposes of determining eligibility for any State or
2 local program.

3 (e) If the legal disability of a ground lease holder is removed after a ground
4 lease is extinguished under this section:

5 (1) If the ground lease extinguishment certificate has been recorded,
6 the ground lease holder:

7 (i) Is entitled to receive from the former leasehold tenant the
8 redemption value of the ground lease; and

9 (ii) Has no claim on the property that had been subject to the
10 ground lease; and

11 (2) If the ground lease extinguishment certificate has not been
12 recorded, the ground lease holder:

13 (i) May reinstate the ground lease by registering the ground
14 lease with the Department within 2 years after the removal of the legal disability; and

15 (ii) Is not entitled to ground rent for the period of the legal
16 disability.

17 (f) If a ground lease is extinguished under this section and a ground lease
18 extinguishment certificate has not been recorded, a buyer of the property for which the
19 ground lease has been extinguished:

20 (1) May apply to the Department for a ground lease extinguishment
21 certificate and file the certificate in the land records of the county in which the
22 property is located; and

23 (2) Once the ground lease extinguishment certificate has been filed,
24 may not be required to pay any security or any amount into an escrow account for the
25 extinguished ground lease.]

26 **[8-709.] 8-708.**

27 The Department shall work with the State Archives to coordinate the
28 recordation, indexing, and linking of ground leases registered under this subtitle.

29 **[8-710.] 8-709.**

30 (A) The Department shall credit all fees collected under this subtitle to the
31 fund established under § 1-203.3 of the Corporations and Associations Article.

1 **(B)** Fees received shall be held in a ground lease registry account in that fund
2 and shall help defray the costs of the registry created under this subtitle.

3 ~~[8-711.] 8-710.~~

4 The Department shall adopt regulations to carry out this subtitle.

5 ~~8-711. RESERVED.~~

6 **PART III. REDEMPTION OF GROUND LEASES.**

7 ~~[8-110.] 8-712.~~

8 (a) (1) This section does not apply to leases of property leased for
9 business, commercial, manufacturing, mercantile, or industrial purposes or any other
10 purpose which is not primarily residential, where the term of the lease, including all
11 renewals provided for, does not exceed 99 years. A lease of the entire property
12 improved or to be improved by any apartment, condominium, cooperative, or other
13 building for multiple-family use on the property constitutes a business and not a
14 residential purpose. The term "multiple-family use" does not apply to any duplex or
15 single-family structure converted to a multiple-dwelling unit.

16 (2) Except as provided in subsection (f) of this section, this section does
17 not apply to irredeemable leases executed before April 9, 1884.

18 (3) This section does not apply to leases of the ground or site upon
19 which dwellings or mobile homes are erected or placed in a mobile home development
20 or mobile home park.

21 (4) This section does not apply to an affordable housing land trust
22 agreement executed under Title 14, Subtitle 5 of this article.

23 (b) (1) Except for apartment and cooperative leases, any reversion
24 reserved in a lease for longer than 15 years is redeemable at any time, at the option of
25 the tenant, after 30 days' notice to the landlord. Notice shall be given by certified mail,
26 return receipt requested, and by first-class mail to the last known address of the
27 landlord.

28 (2) The reversion is redeemable:

29 (i) For a sum equal to the annual rent reserved multiplied by:

30 1. 25, which is capitalization at 4 percent, if the lease
31 was executed from April 8, 1884 to April 5, 1888, both inclusive;

1 2. 8.33, which is capitalization at 12 percent, if the lease
2 was or is created after July 1, 1982; or

3 3. 16.66, which is capitalization at 6 percent, if the lease
4 was created at any other time;

5 (ii) For a lesser sum if specified in the lease; or

6 (iii) For a sum to which the parties may agree at the time of
7 redemption.

8 (c) If a tenant has power to redeem the reversion from a trustee or other
9 person who does not have a power of sale, the reversion nevertheless may be redeemed
10 in accordance with the procedures prescribed in the Maryland Rules.

11 (d) Notwithstanding subsection (b) of this section, any regulatory changes
12 made by a federal agency, instrumentality, or subsidiary, including the Department of
13 Housing and Urban Development, the Federal Housing Administration, the
14 Government National Mortgage Association, the Federal National Mortgage
15 Association, and the Veterans' Administration, shall be applicable to redemption of
16 reversions of leases for longer than 15 years.

17 (e) (1) Before the entry of a judgment foreclosing an owner's right of
18 redemption, a reversion in a ground rent or lease for 99 years renewable forever held
19 on abandoned property in Baltimore City, as defined in § 14–817 of the Tax – Property
20 Article, may be donated to Baltimore City or, at the option of Baltimore City, to an
21 entity designated by Baltimore City.

22 (2) Valuation of the donation of a reversionary interest pursuant to
23 this subsection shall be in accordance with subsection (b) of this section.

24 (f) (1) (i) A tenant who has given the landlord notice in accordance
25 with subsection (b) of this section may apply to the State Department of Assessments
26 and Taxation to redeem a ground rent as provided in this subsection.

27 (ii) When the Mayor and City Council of Baltimore City
28 condemns property that is subject to an irredeemable ground rent, the City shall
29 become the tenant of the ground rent and, after giving the landlord notice in
30 accordance with subsection (b) of this section, may apply to the State Department of
31 Assessments and Taxation to extinguish the ground rent as provided in this
32 subsection.

33 (iii) When the Mayor and City Council of Baltimore City
34 condemns abandoned or distressed property that is subject to a redeemable ground
35 rent, the City shall become the tenant of the ground rent and, after giving the landlord
36 notice in accordance with subsection (b) of this section, may apply to the State

1 Department of Assessments and Taxation to redeem the ground rent as provided in
2 this subsection.

3 (2) The tenant shall provide to the State Department of Assessments
4 and Taxation:

5 (i) Documentation satisfactory to the Department of the lease
6 and the notice given to the landlord; and

7 (ii) Payment of a \$20 fee, and any expediting fee required under
8 § 1–203 of the Corporations and Associations Article.

9 (3) (i) On receipt of the items stated in paragraph (2) of this
10 subsection, the Department shall post notice on its website that application has been
11 made to redeem or extinguish the ground rent.

12 (ii) The notice shall remain posted for at least 90 days.

13 (4) Except as provided in paragraph (5) of this subsection, no earlier
14 than 90 days after the application has been posted as provided in paragraph (3) of this
15 subsection, a tenant seeking to redeem a ground rent shall provide to the Department:

16 (i) Payment of the redemption amount and up to 3 years' back
17 rent to the extent required under this section and [§ 8–111.1] § 8–730 of this subtitle,
18 in a form satisfactory to the Department; and

19 (ii) An affidavit made by the tenant, in the form adopted by the
20 Department, certifying that:

21 1. The tenant has not received a bill for ground rent due
22 or other communication from the landlord regarding the ground rent during the 3
23 years immediately before the filing of the documentation required for the issuance of a
24 redemption certificate under this subsection; or

25 2. The last payment for ground rent was made to the
26 landlord identified in the affidavit and sent to the same address where the notice
27 required under subsection (b) of this section was sent.

28 (5) No earlier than 90 days after the application has been posted as
29 provided in paragraph (3) of this subsection, a tenant seeking to extinguish an
30 irredeemable ground rent or to redeem a redeemable ground rent on abandoned or
31 distressed property that was acquired or is being acquired by the Mayor and City
32 Council of Baltimore through condemnation shall provide to the Department:

33 (i) Payment of up to 3 years' back rent to the extent required
34 under this section and [§ 8–111.1] § 8–730 of this subtitle, in a form satisfactory to
35 the Department; and

1 (ii) An affidavit made by the Director of the Office of Property
2 Acquisition and Relocation in the Baltimore City Department of Housing and
3 Community Development certifying that:

4 1. The property is abandoned property, as defined in §
5 21–17(a)(2) of the Public Local Laws of Baltimore City, or distressed property, as
6 defined in § 21–17(a)(3) of the Public Local Laws of Baltimore City;

7 2. The property was acquired or is being acquired by the
8 Mayor and City Council of Baltimore City through condemnation;

9 3. A thorough title search has been conducted;

10 4. The landlord of the property cannot be located or
11 identified; and

12 5. The existence of the ground rent is an impediment to
13 redevelopment of the site.

14 (6) At any time, the tenant may submit to the Department notice that
15 the tenant is no longer seeking redemption or extinguishment under this subsection.

16 (7) Upon receipt of the documentation, fees, and where applicable, the
17 redemption amount and 3 years' back rent to the extent required under this section
18 and [§ 8–111.1] § 8–730 of this subtitle, the Department shall issue to the tenant a
19 ground rent redemption certificate or a ground rent extinguishment certificate, as
20 appropriate.

21 (8) The redemption or extinguishment of the ground rent is effective to
22 conclusively vest a fee simple title in the tenant, free and clear of any and all right,
23 title, or interest of the landlord, any lien of a creditor of the landlord, and any person
24 claiming by, through, or under the landlord when the tenant records the certificate in
25 the land records of the county in which the property is located.

26 (9) The landlord, any creditor of the landlord, or any other person
27 claiming by, through, or under the landlord may file a claim with the Department in
28 order to collect all, or any portion of, where applicable, the redemption amount and 3
29 years' back rent to the extent required under this section and [§ 8–111.1] § 8–730 of
30 this subtitle, without interest, by providing to the Department:

31 (i) Documentation satisfactory to the Department of the
32 claimant's interest; and

33 (ii) Payment of a \$20 fee, and any expediting fee required under
34 § 1–203 of the Corporations and Associations Article.

1 (10) (i) A landlord whose ground rent has been extinguished may
2 file a claim with the Baltimore City Director of Finance to collect an amount equal to
3 the annual rent reserved multiplied by 16.66, which is capitalization at 6 percent, by
4 providing to the Director:

5 1. Proof of payment to the landlord by the Department of
6 back rent under paragraph (9) of this subsection; and

7 2. Payment of a \$20 fee.

8 (ii) A landlord of abandoned or distressed property condemned
9 by the Mayor and City Council of Baltimore City whose ground rent has been
10 redeemed may file a claim with the Baltimore City Director of Finance to collect the
11 redemption amount, by providing to the Director:

12 1. Proof of payment to the landlord by the Department of
13 back rent under paragraph (9) of this subsection; and

14 2. Payment of a \$20 fee.

15 (11) (i) In the event of a dispute regarding the extinguishment
16 amount as calculated under paragraph (10)(i) of this subsection, the landlord may
17 refuse payment from the Baltimore City Director of Finance and file an appeal
18 regarding the valuation in the Circuit Court of Baltimore City.

19 (ii) In an appeal, the landlord is entitled to receive the fair
20 market value of the landlord's interest in the property at the time of the
21 extinguishment.

22 (12) In the event of a dispute regarding the payment by the
23 Department to any person of all or any portion of the collected redemption amount and
24 up to 3 years' back rent to the extent required by this section and [§ 8-111.1] **§ 8-730**
25 of this subtitle, the Department may:

26 (i) File an interpleader action in the circuit court of the county
27 where the property is located; or

28 (ii) Reimburse the landlord from the fund established in
29 § 1-203.3 of the Corporations and Associations Article.

30 (13) The Department is not liable for any sum received by the
31 Department that exceeds the sum of:

32 (i) The redemption amount; and

33 (ii) Up to 3 years' back rent to the extent required by this
34 section and [§ 8-111.1] **§ 8-730** of this subtitle.

1 (14) The Department shall credit all fees and funds collected under this
2 subsection to the fund established under § 1-203.3 of the Corporations and
3 Associations Article. Redemption and extinguishment amounts received shall be held
4 in a ground rent redemption and ground rent extinguishment account in that fund.

5 (15) The Department shall maintain a list of properties for which
6 ground rents have been redeemed or extinguished under this subsection.

7 (16) The Department shall adopt regulations to carry out the provisions
8 of this subsection.

9 (17) Any redemption or extinguishment funds not collected by a
10 landlord under this subsection within 20 years after the date of the payment to the
11 Department by the tenant shall escheat to the State. The Department shall annually
12 transfer any funds that remain uncollected after 20 years to the State General Fund at
13 the end of each fiscal year.

14 **[8-110.1.] 8-713.**

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

16 [(2) “Ground lease” means a residential lease or sublease for a term of
17 years renewable forever subject to the payment of a periodic ground rent.

18 (3) (i) “Ground lease holder” means the holder of the reversionary
19 interest under a ground lease.

20 (ii) “Ground lease holder” includes an agent of the ground lease
21 holder.

22 (4) “Ground rent” means a rent issuing out of, or collectible in
23 connection with, the reversionary interest under a ground lease.]

24 **[(5) (2)** “Irredeemable ground rent” means a ground rent created
25 under a ground lease executed before April 9, 1884, that does not contain a provision
26 allowing the leasehold tenant to redeem the ground rent.

27 [(6) “Leasehold interest” means the tenancy in real property created
28 under a ground lease.

29 (7) “Leasehold tenant” means the holder of the leasehold interest
30 under a ground lease.]

1 **[(8)] (3)** “Redeemable ground rent” means a ground rent that may be
2 redeemed in accordance with this section or redeemed or extinguished in accordance
3 with **[§ 8–110(f)] § 8–712(F)** of this subtitle.

4 **[(b)] (1)** This section applies to residential property that is or was used,
5 intended to be used, or authorized to be used for four or fewer dwelling units.

6 (2) This section does not apply to property:

7 (i) Leased for business, commercial, manufacturing, mercantile,
8 or industrial purposes, or any other purpose that is not primarily residential;

9 (ii) Improved or to be improved by any apartment,
10 condominium, cooperative, or other building for multifamily use of greater than four
11 dwelling units; or

12 (iii) Leased for dwellings or mobile homes that are erected or
13 placed in a mobile home development or mobile home park.]

14 **[(c)] (B)** (1) An irredeemable ground rent shall be converted to, and
15 become, a redeemable ground rent, unless within the time specified in subsection **[(f)]**
16 **(E)** of this section, a notice of intention to preserve irredeemability is recorded.

17 (2) The conversion of an irredeemable ground rent to a redeemable
18 ground rent occurs on the day following the end of the period in which the notice may
19 be recorded.

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

24 **[(d)] (C)** (1) Any ground lease holder of an irredeemable ground rent
25 may record a notice of intention to preserve irredeemability among the land records of
26 the county where the land is located.

27 (2) The notice may be recorded by:

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

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

1 **[(e)] (D)** (1) To be effective and to be entitled to be recorded, the notice
2 shall be executed by the ground lease holder, acknowledged before a notary public, and
3 contain substantially the following information:

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

6 (ii) The name of every ground lease holder of an irredeemable
7 ground rent;

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

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

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

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

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

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

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

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

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

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

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

1 **[(f)] (E)** (1) To preserve the irredeemability of an irredeemable ground
2 rent, a notice of intention to preserve shall be recorded on or before December 31,
3 2010.

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

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

9 (4) (i) The effectiveness of a filed notice to preserve irredeemability
10 shall lapse on January 1, 2021, and the ground rent shall become a redeemable ground
11 rent, unless a renewal notice containing substantially the same information as the
12 notice of intention to preserve irredeemability is recorded within 6 months before the
13 expiration of the 10–year period set forth in paragraph (3) of this subsection.

14 (ii) The effectiveness of any subsequently filed renewal notice
15 shall lapse after the expiration of the applicable 10–year period and the ground rent
16 shall become a redeemable ground rent, unless further renewal notices are recorded
17 within 6 months before the expiration of the applicable 10–year period.

18 **[(g)](F)** A ground rent made redeemable in accordance with this section:

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

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

23 **8–714.**

24 **(A) THE DEPARTMENT SHALL PREPARE A ONE–PAGE DEED OF**
25 **REDEMPTION THAT CONTAINS THE FOLLOWING INFORMATION:**

26 **(1) THE ADDRESS AND TAX IDENTIFICATION NUMBER OF THE**
27 **PROPERTY FOR WHICH THE GROUND LEASE WAS CREATED;**

28 **(2) THE NAME AND ADDRESS OF THE GROUND LEASE HOLDER;**

29 **(3) THE NAME AND ADDRESS OF THE LEASEHOLD TENANT;**

30 **(4) THE AMOUNT OF THE GROUND RENT INSTALLMENTS;**

31 **(5) THE AMOUNT OF THE REDEMPTION;**

1 **(6) A STATEMENT FROM THE SELLER GIVING A SPECIAL**
2 **WARRANTY DEED;**

3 **(7) AN ACKNOWLEDGEMENT UNDER § 4-204 OF THIS ARTICLE;**
4 **AND**

5 **(8) (I) THE LIBER AND FOLIO INFORMATION FOR THE**
6 **CURRENT GROUND RENT DEED OF RECORD; OR**

7 **(II) A STATEMENT UNDER OATH THAT THE CURRENT**
8 **GROUND RENT OWNER HAS COLLECTED THE GROUND RENT FOR MORE THAN 20**
9 **YEARS WITHOUT PROTEST OR DISPUTE FROM ANY PERSON.**

10 **(B) (1) THE FEE FOR RECORDING A DEED OF REDEMPTION IS \$10.**

11 **(2) NO TAXES, STAMPS, RECORDING FEES, OR OTHER CHARGES**
12 **MAY BE COLLECTED FOR RECORDING A DEED OF REDEMPTION OTHER THAN**
13 **THE FEE STATED IN PARAGRAPH (1) OF THIS SUBSECTION.**

14 **(3) THE CLERK OF THE COUNTY IN WHICH THE DEED OF**
15 **REDEMPTION IS RECORDED SHALL FORWARD A COPY OF THE DEED OF**
16 **REDEMPTION TO THE DEPARTMENT.**

17 **8-715. RESERVED.**

18 **8-716. RESERVED.**

19 **PART IV. ENFORCEMENT.**

20 **[8-402.2.] 8-717.**

21 **[(a) (1) This section applies to property:**

22 **(i) Leased for business, commercial, manufacturing, mercantile,**
23 **or industrial purposes, or any other purpose that is not primarily residential;**

24 **(ii) Improved or to be improved by any apartment,**
25 **condominium, cooperative, or other building for multifamily use of greater than four**
26 **dwelling units; or**

27 **(iii) Leased for dwellings or mobile homes that are erected or**
28 **placed in a mobile home development or mobile home park.**

1 (2) This section does not apply to residential property that is or was
2 used, intended to be used, or authorized to be used for four or fewer dwelling units.]

3 **[(b)] (A)** Whenever, in a case that involves a 99-year ground lease
4 renewable forever, at least 6 months ground rent is in arrears and the landlord has
5 the lawful right to reenter for the nonpayment of the rent, the landlord, no less than
6 45 days after sending to the tenant by certified mail, return receipt requested, at the
7 tenant's last known address, and also by first-class mail to the title agent or attorney
8 listed on the deed to the property or the intake sheet recorded with the deed, a bill for
9 the ground rent due, may bring an action for possession of the property under
10 § 14-108.1 of this article; if the tenant cannot be personally served or there is no
11 tenant in actual possession of the property, service by posting notice on the property
12 may be made in accordance with the Maryland Rules. Personal service or posting in
13 accordance with the Maryland Rules shall stand in the place of a demand and reentry.

14 **[(c)] (B)** (1) Before entry of a judgment the landlord shall give written
15 notice of the pending entry of judgment to each mortgagee of the lease, or any part of
16 the lease, who before entry of the judgment has recorded in the land records of each
17 county where the property is located a timely request for notice of judgment. A request
18 for notice of judgment shall:

19 (i) Be recorded in a separate docket or book that is indexed
20 under the name of the mortgagor;

21 (ii) Identify the property on which the mortgage is held and
22 refer to the date and recording reference of that mortgage;

23 (iii) State the name and address of the holder of the mortgage;
24 and

25 (iv) Identify the ground lease by stating:

26 1. The name of the original lessor;

27 2. The date the ground lease was recorded; and

28 3. The office, docket or book, and page where the ground
29 lease is recorded.

30 (2) The landlord shall mail the notice by certified mail return receipt
31 requested to the mortgagee at the address stated in the recorded request for notice of
32 judgment. If the notice is not given, judgment in favor of the landlord does not impair
33 the lien of the mortgagee. Except as otherwise provided in this subsection, the
34 property is discharged from the lease and the rights of all persons claiming under the
35 lease are foreclosed unless, within 6 calendar months after execution of the judgment
36 for possession, the tenant or any other person claiming under the lease:

1 (i) Pays the ground rent, arrears, and all costs awarded against
2 that person; and

3 (ii) Commences a proceeding to obtain relief from the judgment.

4 **[(d)] (C)** This section does not bar the right of any mortgagee of the lease, or
5 any part of the lease, who is not in possession at any time before expiration of 6
6 calendar months after execution of the judgment awarding the landlord possession, to
7 pay all costs and damages sustained by the landlord and to perform all the covenants
8 and agreements that are to be performed by the tenant.

9 **(D) EXCEPT AS OTHERWISE PROVIDED BY LAW, A LANDLORD MAY NOT**
10 **RECEIVE REIMBURSEMENT FOR ANY ADDITIONAL COSTS OR EXPENSES**
11 **RELATED TO COLLECTION OF THE BACK RENT UNLESS THE NOTICE**
12 **REQUIREMENTS OF THIS SECTION AND § 8-718 OF THIS SUBTITLE ARE MET.**

13 **8-718.**

14 **(A) (1) A HOLDER OF A GROUND RENT THAT IS AT LEAST 6 MONTHS**
15 **IN ARREARS IS ENTITLED TO REIMBURSEMENT FOR ACTUAL EXPENSES NOT**
16 **EXCEEDING \$500 INCURRED IN THE COLLECTION OF THAT PAST DUE GROUND**
17 **RENT AND IN COMPLYING WITH THE NOTICE REQUIREMENTS UNDER § 8-717(A)**
18 **OF THIS SUBTITLE, INCLUDING:**

19 **(I) TITLE ABSTRACT AND EXAMINATION FEES;**

20 **(II) JUDGMENT REPORT FEES;**

21 **(III) PHOTOCOPYING AND POSTAGE FEES; AND**

22 **(IV) ATTORNEY'S FEES.**

23 **(2) UPON FILING AN ACTION FOR EJECTMENT, THE PLAINTIFF OR**
24 **HOLDER OF A GROUND RENT IS ENTITLED TO REIMBURSEMENT FOR**
25 **REASONABLE EXPENSES INCURRED IN THE PREPARATION AND FILING OF THE**
26 **EJECTMENT ACTION, INCLUDING:**

27 **(I) FILING FEES AND COURT COSTS;**

28 **(II) EXPENSES INCURRED IN THE SERVICE OF PROCESS OR**
29 **OTHERWISE PROVIDING NOTICE;**

30 **(III) TITLE ABSTRACT AND EXAMINATION FEES NOT**
31 **INCLUDED UNDER PARAGRAPH (1) OF THIS SUBSECTION, NOT EXCEEDING \$300;**

1 (IV) REASONABLE ATTORNEY'S FEES NOT EXCEEDING \$700;
2 AND

3 (V) TAXES, INCLUDING INTEREST AND PENALTIES, THAT
4 HAVE BEEN PAID BY THE PLAINTIFF OR HOLDER OF A GROUND RENT.

5 (B) EXCEPT AS PROVIDED IN SUBSECTION (A) OF THIS SECTION OR IN §
6 8-717(A) OF THIS SUBTITLE, THE PLAINTIFF OR HOLDER OF A GROUND RENT IS
7 NOT ENTITLED TO REIMBURSEMENT FOR ANY OTHER EXPENSES INCURRED IN
8 THE COLLECTION OF A GROUND RENT.

9 (C) (1) THE HOLDER OF A GROUND RENT MAY NOT BE REIMBURSED
10 FOR EXPENSES UNDER SUBSECTION (A) OF THIS SECTION UNLESS THE HOLDER
11 SENDS THE TENANT AS IDENTIFIED IN THE RECORDS OF THE STATE
12 DEPARTMENT OF ASSESSMENTS AND TAXATION WRITTEN NOTICE AT LEAST 30
13 DAYS BEFORE TAKING ANY ACTION IN ACCORDANCE WITH § 8-717(A) OF THIS
14 SUBTITLE AND § 14-108.1 OF THIS ARTICLE.

15 (2) THE NOTICE SHALL BE IN 14 POINT TYPE, BOLD FONT, AND
16 CONTAIN THE FOLLOWING:

17 (I) THE AMOUNT OF THE PAST DUE GROUND RENT; AND

18 (II) A STATEMENT THAT UNLESS THE PAST DUE GROUND
19 RENT IS PAID WITHIN 30 DAYS, FURTHER ACTION WILL BE TAKEN IN
20 ACCORDANCE WITH § 8-717(A) OF THIS SUBTITLE AND § 14-108.1 OF THIS
21 ARTICLE AND THE TENANT WILL BE LIABLE FOR THE EXPENSES AND FEES
22 INCURRED IN CONNECTION WITH THE COLLECTION OF THE PAST DUE GROUND
23 RENT AS PROVIDED IN THIS SECTION.

24 (3) THE HOLDER OF THE GROUND RENT SHALL:

25 (I) MAIL THE NOTICE BY FIRST-CLASS MAIL TO THE
26 TENANT'S LAST KNOWN ADDRESS AS SHOWN IN THE RECORDS OF THE STATE
27 DEPARTMENT OF ASSESSMENTS AND TAXATION; AND

28 (II) OBTAIN A CERTIFICATE OF MAILING FROM THE UNITED
29 STATES POSTAL SERVICE.

30 8-719. RESERVED.

31 8-720. RESERVED.

PART V. NOTICE REQUIREMENTS.

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[14–116.] 8–721.

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

(2) “Ground lease” means a residential lease or sublease for a term of years renewable forever subject to the payment of a periodic ground rent.

(3) (i) “Ground lease holder” means the holder of the reversionary interest under a ground lease.

(ii) “Ground lease holder” includes an agent of the ground lease holder.

(4) “Ground rent” means a rent issuing out of, or collectible in connection with, the reversionary interest under a ground lease.

(5) “Leasehold interest” means the tenancy in real property created under a ground lease.

(6) “Leasehold tenant” means the holder of the leasehold interest under a ground lease.

(b) (1) This section applies to residential property that was or is used, intended to be used, or authorized to be used for four or fewer dwelling units.

(2) This section does not apply to property:

(i) Leased for business, commercial, manufacturing, mercantile, or industrial purposes, or any other purpose that is not primarily residential;

(ii) Improved or to be improved by any apartment, condominium, cooperative, or other building for multifamily use of greater than four dwelling units; or

(iii) Leased for dwellings or mobile homes that are erected or placed in a mobile home development or mobile home park.

[(c)] (B) Within 30 days of any change of address of a leasehold tenant, the leasehold tenant shall notify the ground lease holder of the change, including the new address and the date of the change.

[(d)] (C) Within 30 days of any transfer of improvements located on property subject to a ground rent, the leasehold tenant shall notify the ground lease

1 holder of the transfer. The notification shall include the name and address of the
2 transferee, and date of transfer.

3 **[(e)] (D)** A leasehold tenant shall send notice under this section to the last
4 known address of the ground lease holder.

5 **[14–116.1.] 8–722.**

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

7 (2) “Ground lease” means a residential lease or sublease for a term of
8 years renewable forever subject to the payment of a periodic ground rent.

9 (3) (i) “Ground lease holder” means the holder of the reversionary
10 interest under a ground lease.

11 (ii) “Ground lease holder” includes an agent of the ground lease
12 holder.

13 (4) “Ground rent” means a rent issuing out of, or collectible in
14 connection with, the reversionary interest under a ground lease.

15 (5) “Leasehold interest” means the tenancy in real property created
16 under a ground lease.

17 (6) “Leasehold tenant” means the holder of the leasehold interest
18 under a ground lease.

19 **(b)] (1)** This section applies to residential property that was or is used,
20 intended to be used, or authorized to be used for four or fewer dwelling units.

21 (2) This section does not apply to property:

22 (i) Leased for business, commercial, manufacturing, mercantile,
23 or industrial purposes, or any other purpose that is not primarily residential;

24 (ii) Improved or to be improved by any apartment,
25 condominium, cooperative, or other building for multifamily use of greater than four
26 dwelling units; or

27 (iii) Leased for dwellings or mobile homes that are erected or
28 placed in a mobile home development or mobile home park.

29 **[(c)] (B)** No later than 60 days before a yearly or half-yearly installment
30 payment of a ground rent is due, a ground lease holder shall mail to the last known
31 address of the leasehold tenant a bill for the payment due.

1 **[(d)] (C)** The bill shall include a notice in boldface type, at least as large as
2 14 point, in substantially the following form:

3 “NOTICE REQUIRED BY MARYLAND LAW

4 REGARDING YOUR GROUND RENT

5 This property (address) is subject to a ground lease. The annual payment on the
6 ground lease (“ground rent”) is \$(dollar amount), payable in yearly or half-yearly
7 installments on (date or dates).

8 The next ground rent payment is due (day, month, year) in the amount of \$(dollar
9 amount).

10 The payment of the ground rent should be sent to:
11 (name of ground lease holder)
12 (address)
13 (phone number)

14 NOTE REGARDING YOUR RIGHTS AND RESPONSIBILITIES UNDER
15 MARYLAND LAW:

16 As the owner of this property, you are obligated to pay the ground rent to the ground
17 lease holder. It is also your responsibility to notify the ground lease holder if you
18 change your address or transfer ownership of the property.

19 If you fail to pay the ground rent on time, you are still responsible for paying the
20 ground rent. In addition, the ground lease holder may take action to collect the past
21 due ground rent which may result ultimately in your loss of the property. Please note
22 that under Maryland law, a ground lease holder may demand not more than 3 years of
23 past due ground rent. If you fail to pay the ground rent on time, you should contact a
24 lawyer for advice.

25 As the owner of this property, you are entitled to redeem, or purchase, the ground
26 lease from the ground lease holder and obtain absolute ownership of the property. The
27 redemption amount is fixed by law but may also be negotiated with the ground lease
28 holder for a different amount. For information on redeeming the ground lease, contact
29 the ground lease holder. If the identity of the ground lease holder is unknown, the
30 State Department of Assessments and Taxation provides a process to redeem the
31 ground lease that may result in your obtaining absolute ownership of the property. If
32 you would like to obtain absolute ownership of this property, you should contact a
33 lawyer for advice.”.

34 **[14–116.2.] 8–723.**

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

1 (2) “Ground lease” means a residential lease or sublease for a term of
2 years renewable forever subject to the payment of a periodic ground rent.

3 (3) (i) “Ground lease holder” means the holder of the reversionary
4 interest under a ground lease.

5 (ii) “Ground lease holder” includes an agent of the ground lease
6 holder.

7 (4) “Ground rent” means a rent issuing out of, or collectible in
8 connection with, the reversionary interest under a ground lease.

9 (5) “Leasehold tenant” means the holder of the leasehold interest
10 under a ground lease.

11 (6) “Redeemable ground rent” means a ground rent that may be
12 redeemed in accordance with § 8–110 of this article.

13 **(b)] (1)** This section applies to residential property that is or was used,
14 intended to be used, or authorized to be used for four or fewer dwelling units.

15 (2) This section does not apply to property:

16 (i) Leased for business, commercial, manufacturing, mercantile,
17 or industrial purposes, or any other purpose that is not primarily residential;

18 (ii) Improved or to be improved by any apartment,
19 condominium, cooperative, or other building for multifamily use of greater than four
20 dwelling units; or

21 (iii) Leased for dwellings or mobile homes that are erected or
22 placed in a mobile home development or mobile home park.

23 **[(c)] (B)** Within 30 days after any transfer of a ground lease, the transferee
24 shall notify the leasehold tenant of the transfer.

25 **[(d)] (C)** (1) The notification shall include the name and address of the
26 new ground lease holder and the date of the transfer.

27 (2) If the property is subject to a redeemable ground rent, the
28 notification shall also include the following notice:

29 “As the owner of the property subject to this ground lease, you are entitled to
30 redeem, or purchase, the ground lease from the ground lease holder and obtain
31 absolute ownership of the property. The redemption amount is fixed by law but may

1 also be negotiated with the ground lease holder for a different amount. For
2 information on redeeming the ground lease, contact the ground lease holder.”

3 **[(e)] (D)** A ground lease holder shall send notice under this section to the
4 last known address of the leasehold tenant.

5 **8-724.**

6 **A CONTRACT FOR THE SALE OF REAL PROPERTY SUBJECT TO A GROUND**
7 **RENT SHALL CONTAIN THE FOLLOWING NOTICE IN BOLDFACE TYPE, AT LEAST**
8 **AS LARGE AS 14 POINT, IN SUBSTANTIALLY THE FOLLOWING FORM:**

9 **“NOTICE REQUIRED BY MARYLAND LAW**

10 **REGARDING YOUR GROUND RENT**

11 **THIS PROPERTY (ADDRESS) IS SUBJECT TO A GROUND LEASE. THE ANNUAL**
12 **PAYMENT ON THE GROUND LEASE (“GROUND RENT”) IS \$(DOLLAR AMOUNT),**
13 **PAYABLE IN YEARLY OR HALF-YEARLY INSTALLMENTS ON (DATE OR DATES).**

14 **THE NEXT GROUND RENT PAYMENT IS DUE (DAY, MONTH, YEAR) IN THE**
15 **AMOUNT OF \$(DOLLAR AMOUNT).**

16 **THE PAYMENT OF THE GROUND RENT SHOULD BE SENT TO:**
17 **(NAME OF GROUND LEASE HOLDER)**
18 **(ADDRESS)**
19 **(PHONE NUMBER)**

20 **NOTE REGARDING YOUR RIGHTS AND RESPONSIBILITIES UNDER**
21 **MARYLAND LAW:**

22 **AS THE OWNER OF THIS PROPERTY, YOU ARE OBLIGATED TO PAY THE GROUND**
23 **RENT TO THE GROUND LEASE HOLDER. IT IS ALSO YOUR RESPONSIBILITY TO**
24 **NOTIFY THE GROUND LEASE HOLDER IF YOU CHANGE YOUR ADDRESS OR**
25 **TRANSFER OWNERSHIP OF THE PROPERTY.**

26 **IF YOU FAIL TO PAY THE GROUND RENT ON TIME, YOU ARE STILL RESPONSIBLE**
27 **FOR PAYING THE GROUND RENT. IN ADDITION, THE GROUND LEASE HOLDER**
28 **MAY TAKE ACTION TO COLLECT THE PAST DUE GROUND RENT WHICH MAY**
29 **RESULT ULTIMATELY IN YOUR LOSS OF THE PROPERTY. PLEASE NOTE THAT**
30 **UNDER MARYLAND LAW, A GROUND LEASE HOLDER MAY DEMAND NOT MORE**
31 **THAN 3 YEARS OF PAST DUE GROUND RENT. IF YOU FAIL TO PAY THE GROUND**
32 **RENT ON TIME, YOU SHOULD CONTACT A LAWYER FOR ADVICE.**

1 AS THE OWNER OF THIS PROPERTY, YOU ARE ENTITLED TO REDEEM, OR
2 PURCHASE, THE GROUND LEASE FROM THE GROUND LEASE HOLDER AND
3 OBTAIN ABSOLUTE OWNERSHIP OF THE PROPERTY. THE REDEMPTION AMOUNT
4 IS FIXED BY LAW BUT MAY ALSO BE NEGOTIATED WITH THE GROUND LEASE
5 HOLDER FOR A DIFFERENT AMOUNT. FOR INFORMATION ON REDEEMING THE
6 GROUND LEASE, CONTACT THE GROUND LEASE HOLDER. IF THE IDENTITY OF
7 THE GROUND LEASE HOLDER IS UNKNOWN, THE STATE DEPARTMENT OF
8 ASSESSMENTS AND TAXATION PROVIDES A PROCESS TO REDEEM THE GROUND
9 LEASE THAT MAY RESULT IN YOUR OBTAINING ABSOLUTE OWNERSHIP OF THE
10 PROPERTY. IF YOU WOULD LIKE TO OBTAIN ABSOLUTE OWNERSHIP OF THIS
11 PROPERTY, YOU SHOULD CONTACT A LAWYER FOR ADVICE.”.

12 [14–129.] **8–725.**

13 (a) This section does not apply to a:

14 (1) Home equity line of credit;

15 (2) Loan secured by an indemnity deed of trust; or

16 (3) Commercial loan.

17 (b) Before the settlement of a loan secured by a mortgage or deed of trust on
18 residential real property improved by four or fewer single–family units that is subject
19 to a redeemable ground rent, the settlement agent shall notify the borrower that:

20 (1) The borrower has the right to redeem the ground rent under [§
21 8–110] **§ 8–712** of this article;

22 (2) The redemption amount is fixed by law but may also be negotiated
23 with the ground lease holder for a different amount;

24 (3) It may be possible to include the amount of the redemption in this
25 loan;

26 (4) For information on redeeming the ground rent, the borrower
27 should contact the ground lease holder; and

28 (5) For information on including the amount of the redemption in this
29 loan, the borrower should contact the lender or credit grantor making this loan.

30 **8–726. RESERVED.**

31 **8–727. RESERVED.**

1 **PART VI. MISCELLANEOUS PROVISIONS.**

2 ~~[8-111.2.]~~ **8-728.**

3 (a) This section does not apply to property:

4 (1) Leased for business, commercial, manufacturing, mercantile, or
5 industrial purposes, or any other purpose that is not primarily residential;

6 (2) Improved or to be improved by any apartment, condominium,
7 cooperative, or other building for multifamily use of greater than four dwelling units;

8 (3) Leased for dwellings or mobile homes that are erected or placed in
9 a mobile home development or mobile home park; or

10 (4) Subject to an affordable housing land trust agreement executed
11 under Title 14, Subtitle 5 of this article.

12 (b) On or after January 22, 2007, the owner of a fee simple or leasehold
13 estate in residential property that is or was used, intended to be used, or authorized to
14 be used for four or fewer dwelling units may not create a reversionary interest in the
15 property under a ground lease or a ground sublease for a term of years renewable
16 forever subject to the payment of a periodic ground rent.

17 ~~[14-115.1.]~~ **8-729.**

18 With regard to any property owned or acquired by any means by the Mayor and
19 City Council of Baltimore that is subject to a ground rent, any bill, notice, or other
20 document for legal or other action shall be sent to the Director, Baltimore City
21 Department of Finance.

22 8-730.

23 ~~[(c)]~~ **(A)** ~~[(1)]~~ Notwithstanding any other provision of law, in any suit,
24 action, or proceeding to recover back rent, a landlord or holder of a ground rent may
25 only recover not more than 3 years back rent if the property is:

26 ~~[(i)]~~ **(1)** Owned or acquired by any means by the Mayor and
27 City Council of Baltimore; and

28 ~~[(ii)]~~ **(2)** Abandoned property, as defined in § 21-17(a)(2) of the
29 Public Local Laws of Baltimore City, or distressed property, as defined in § 21-17(a)(3)
30 of the Public Local Laws of Baltimore City.

31 ~~[(2)]~~ **(B)** With regard to property described under ~~[paragraph (1) of~~
32 ~~this]~~ subsection **(A) OF THIS SECTION**, a landlord may request in writing that the

1 Mayor and City Council of Baltimore acquire the reversionary interest under the
2 ground rent for the market value established at the time of the acquisition by the
3 Mayor and City Council of the leasehold interest under the ground rent.

4 14–108.1.

5 (a) This section does not apply to:

6 (1) A grantee action under § 14–109 of this subtitle;

7 (2) A landlord–tenant action that is within the exclusive original
8 jurisdiction of the District Court; **OR**

9 [(3) An action for nonpayment of ground rent under a ground lease on
10 residential property that is or was used, intended to be used, or authorized to be used
11 for four or fewer dwelling units; or]

12 [(4) (3) An action for wrongful detainer under § 14–132 of this
13 subtitle.

14 14–117.

15 [(a) (1) (i) In this subsection the following words have the meanings
16 indicated.

17 (ii) “Ground lease” means a residential lease or sublease for a
18 term of years renewable forever subject to the payment of a periodic ground rent.

19 (iii) 1. “Ground lease holder” means the holder of the
20 reversionary interest under a ground lease.

21 2. “Ground lease holder” includes an agent of the ground
22 lease holder.

23 (iv) “Ground rent” means a rent issuing out of, or collectible in
24 connection with, the reversionary interest under a ground lease.

25 (v) “Leasehold interest” means the tenancy in real property
26 created under a ground lease.

27 (vi) “Leasehold tenant” means the holder of the leasehold
28 interest under a ground lease.

29 (2) (i) This subsection applies to residential property that was or is
30 used, intended to be used, or authorized to be used for four or fewer dwelling units.

1 (ii) This subsection does not apply to property:

2 1. Leased for business, commercial, manufacturing,
3 mercantile, or industrial purposes, or any other purpose that is not primarily
4 residential;

5 2. Improved or to be improved by any apartment,
6 condominium, cooperative, or other building for multifamily use of greater than four
7 dwelling units; or

8 3. Leased for dwellings or mobile homes that are erected
9 or placed in a mobile home development or mobile home park.

10 (3) A contract for the sale of real property subject to a ground rent
11 shall contain the following notice in boldface type, at least as large as 14 point, in
12 substantially the following form:

13 “NOTICE REQUIRED BY MARYLAND LAW

14 REGARDING YOUR GROUND RENT

15 This property (address) is subject to a ground lease. The annual payment on the
16 ground lease (“ground rent”) is \$(dollar amount), payable in yearly or half-yearly
17 installments on (date or dates).

18 The next ground rent payment is due (day, month, year) in the amount of \$(dollar
19 amount).

20 The payment of the ground rent should be sent to:

21 (name of ground lease holder)

22 (address)

23 (phone number)

24 NOTE REGARDING YOUR RIGHTS AND RESPONSIBILITIES UNDER
25 MARYLAND LAW:

26 As the owner of this property, you are obligated to pay the ground rent to the ground
27 lease holder. It is also your responsibility to notify the ground lease holder if you
28 change your address or transfer ownership of the property.

29 If you fail to pay the ground rent on time, you are still responsible for paying the
30 ground rent. In addition, the ground lease holder may take action to collect the past
31 due ground rent which may result ultimately in your loss of the property. Please note
32 that under Maryland law, a ground lease holder may demand not more than 3 years of
33 past due ground rent. If you fail to pay the ground rent on time, you should contact a
34 lawyer for advice.

1 As the owner of this property, you are entitled to redeem, or purchase, the ground
2 lease from the ground lease holder and obtain absolute ownership of the property. The
3 redemption amount is fixed by law but may also be negotiated with the ground lease
4 holder for a different amount. For information on redeeming the ground lease, contact
5 the ground lease holder. If the identity of the ground lease holder is unknown, the
6 State Department of Assessments and Taxation provides a process to redeem the
7 ground lease that may result in your obtaining absolute ownership of the property. If
8 you would like to obtain absolute ownership of this property, you should contact a
9 lawyer for advice.”.]

10 **[(b)] (A)** (1) In this subsection, “water and sewer authority” includes a
11 person to which the duties and responsibilities of the Washington Suburban Sanitary
12 Commission have been delegated by a written agreement or in accordance with a local
13 ordinance.

14 (2) A contract for the initial sale of improved, residential real property
15 to a member of the public who intends to occupy or rent the property for residential
16 purposes shall disclose the estimated cost, as established by the appropriate water and
17 sewer authority, of any deferred water and sewer charges for which the purchaser may
18 become liable. If the appropriate water and sewer authority has not established a
19 schedule of charges for the water and sewer project that benefits the property or if a
20 local jurisdiction has adopted a plan to benefit the property in the future, the contract
21 of sale shall disclose that fact.

22 **[(c)] (B)** Violation of subsection **[(b)] (A)** of this section entitles the initial
23 purchaser to recover from the seller:

24 (1) Two times the amount of deferred charges the purchaser would be
25 obligated to pay during the 5 years of payments following the sale;

26 (2) No amount greater than actually paid thereafter; and

27 (3) Any deposit moneys actually paid by the purchaser that were lost
28 as a result of violation of subsection **[(b)] (A)** of this section.

29 **[(d)] (C)** (1) A contract for use in the sale of residential property used as
30 a dwelling place for one or two single-family units shall contain, in the manner
31 provided under paragraph (2) of this subsection, the following statement:

32 “Section 14–104 of the Real Property Article of the Annotated Code of Maryland
33 provides that, unless otherwise negotiated in the contract or provided by State or local
34 law, the cost of any recordation tax or any State or local transfer tax shall be shared
35 equally between the buyer and seller.”

36 (2) The statement required under paragraph (1) of this subsection
37 shall be printed in conspicuous type or handwritten in the contract or an addendum to
38 the contract.

1 **[(e)] (D)** A contract or an addendum to the contract for the sale of real
2 property shall contain in conspicuous type the following statement:

3 “Notice to buyer concerning the Chesapeake and Atlantic Coastal Bays Critical
4 Area

5 Buyer is advised that all or a portion of the property may be located in the
6 “critical area” of the Chesapeake and Atlantic Coastal Bays, and that additional
7 zoning, land use, and resource protection regulations apply in this area. The “critical
8 area” generally consists of all land and water areas within 1,000 feet beyond the
9 landward boundaries of State or private wetlands, the Chesapeake Bay, the Atlantic
10 Coastal Bays, and all of their tidal tributaries. The “critical area” also includes the
11 waters of and lands under the Chesapeake Bay, the Atlantic Coastal Bays, and all of
12 their tidal tributaries to the head of tide. For information as to whether the property is
13 located within the critical area, buyer may contact the local department of planning
14 and zoning, which maintains maps showing the extent of the critical area in the
15 jurisdiction. Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and
16 Washington counties do not include land located in the critical area.”.

17 **[(f)] (E)** A contract of sale shall also comply with the following provisions, if
18 applicable:

19 (1) Section 17–405 of the Business Occupations and Professions
20 Article (notice of purchaser’s protection by the Real Estate Guaranty Fund in an
21 amount not to exceed \$25,000);

22 (2) Section 17–504 of the Business Occupations and Professions
23 Article (notice by real estate broker pertaining to deposit in noninterest bearing
24 account);

25 (3) Section 17–523 of the Business Occupations and Professions
26 Article (notice by real estate broker about recordation and transfer taxes);

27 (4) Section 17–524 of the Business Occupations and Professions
28 Article (notice of purchaser’s right to select title company, settlement company, escrow
29 company, mortgage lender, or financial institution);

30 (5) Section 8A–605 of this article (notice of park rules to be given to
31 buyer pertaining to sales of mobile homes);

32 (6) Section 10–103 of this article (notices and disclosures pertaining to
33 land installment contracts);

34 (7) Sections 10–301 and 10–306 of this article (requirements and
35 disclosures pertaining to deposits on new homes);

1 (8) Sections 10–505 and 10–506 of this article (requirements and
2 disclosures pertaining to contracts between custom home builders and buyers);

3 (9) Sections 10–602, 10–603, 10–604(b), and 10–605 of this article
4 (notices, disclosures, and requirements pertaining to new home warranties);

5 (10) Section 10–701 of this article (notice pertaining to sale of real
6 property in Prince George’s County creating subdivision);

7 (11) Section 10–702 of this article (disclosure or disclaimer statements
8 pertaining to single–family residential real property);

9 (12) Section 10–703 of this article (notice pertaining to land use in
10 county land–use plans in Anne Arundel County);

11 (13) Section 11–126 of this article (notice pertaining to initial sale of
12 condominium unit);

13 (14) Section 11–135 of this article (notice pertaining to resale of
14 condominium unit);

15 (15) Sections 11A–112, 11A–115, and 11A–118 of this article
16 (statements and requirements pertaining to time–shares);

17 (16) Section 11B–105 of this article (notice pertaining to initial sale of
18 lot in development containing more than 12 lots);

19 (17) Section 11B–106 of this article (notice pertaining to resale of any
20 lot or initial sale of lot in development containing 12 or fewer lots);

21 (18) Section 11B–107 of this article (notice pertaining to initial sale of
22 lot not intended to be occupied or rented for residential purposes);

23 (19) Section 5–6B–02 of the Corporations and Associations Article
24 (notice pertaining to initial sale of cooperative interests);

25 (20) Section 13–308 of the Tax – Property Article (notice of liability for
26 agricultural land transfer tax);

27 (21) Section 13–504 of the Tax – Property Article (notice of liability for
28 agricultural land transfer tax in Washington County); and

29 (22) Section 6–824 of the Environment Article (disclosure pertaining to
30 obligations to perform risk reduction).

31 **[(g)] (F)** Unless otherwise specifically provided, a contract of sale is not
32 rendered invalid by the omission of any statement referred to in this section.

1 **[(h)] (G)** (1) This subsection applies to Prince George’s County.

2 (2) A contract for the sale of real property on which a development
3 impact fee has been imposed shall contain a notice to the purchaser stating:

4 (i) That a development impact fee has been imposed on the
5 property;

6 (ii) The total amount of the impact fee that has been imposed on
7 the property; and

8 (iii) The amount of the impact fee, if any, that is unpaid on the
9 date of the contract for the sale of the property.

10 (3) Violation of paragraph (2) of this subsection entitles the initial
11 purchaser to recover from the seller:

12 (i) Two times the amount of development impact fees the
13 purchaser would be obligated to pay following the sale;

14 (ii) No amount greater than actually paid thereafter; and

15 (iii) Any deposit moneys actually paid by the purchaser that
16 were lost as a result of violation of paragraph (2) of this subsection.

17 **[(i)] (H)** (1) This subsection applies to St. Mary’s and Charles counties.

18 (2) A contract for the sale of agriculturally assessed real property shall
19 include the following information:

20 “Notice: under § 9–241 of the Environment Article of the Annotated Code of
21 Maryland, the Department of the Environment is required to maintain permanent
22 records regarding every permit issued for the utilization of sewage sludge, including
23 the application of sewage sludge on farm land. A prospective buyer has the right to
24 ascertain all such information regarding the property being sold under this
25 transaction.”

26 (3) Omission of the notice required under paragraph (2) of this
27 subsection may not be a basis for invalidation of the contract for sale.

28 **[(j)] (I)** (1) This subsection applies to Baltimore City and all other
29 counties except Montgomery County.

30 (2) A contract for the initial sale of a new home, as defined in the
31 Maryland Home Builder Registration Act, shall include the following:

1 (i) The builder registration number of the seller of the new
2 home;

3 (ii) A provision stating that the new home shall be constructed
4 in accordance with all applicable building codes in effect at the time of the
5 construction of the new home;

6 (iii) A provision referencing all performance standards or
7 guidelines:

8 1. That the seller shall comply with in the construction
9 of the new home; and

10 2. That shall prevail in the performance of the contract
11 and any arbitration or adjudication of a claim arising from the contract; and

12 (iv) A provision detailing the purchaser's right to receive a
13 consumer information pamphlet as provided under the Home Builder Registration Act.

14 (3) The performance standards or guidelines described in paragraph
15 (2) of this subsection shall be:

16 (i) The performance standards or guidelines adopted at the
17 time of the contract:

18 1. By the National Association of Home Builders; or

19 2. Under the federal National Manufactured Housing
20 Construction and Safety Standards Act, to the extent applicable;

21 (ii) Any performance standards or guidelines adopted by the
22 home builder and incorporated into the contract that are equal to or more stringent
23 than the performance standards or guidelines adopted at the time of the contract:

24 1. By the National Association of Home Builders; or

25 2. Under the federal National Manufactured Housing
26 Construction and Safety Standards Act, to the extent applicable; or

27 (iii) Any performance standards or guidelines adopted at the
28 time of the contract by a county or municipal corporation that are equal to or more
29 stringent than the performance standards or guidelines adopted at the time of the
30 contract:

31 1. By the National Association of Home Builders; or

1 2. Under the federal National Manufactured Housing
2 Construction and Safety Standards Act, to the extent applicable.

3 (4) The information required by paragraph (2) of this subsection shall
4 be printed in conspicuous type.

5 **[(j-1)] (J)** (1) A contract for the initial sale of a new home, as defined in
6 the Maryland Home Builder Registration Act, shall be contingent on the purchaser
7 obtaining a written commitment for a loan secured by the property, unless the
8 contract contains a provision expressly stating that it is not contingent.

9 (2) If the contract is contingent on the purchaser obtaining a written
10 commitment for a loan secured by the property, the contract shall state the maximum
11 loan interest rate the purchaser is obligated to accept.

12 (k) (1) This subsection does not apply in Allegany, Carroll, Frederick,
13 Garrett, Howard, Montgomery, and Washington counties.

14 (2) A contract for the sale of residential real property shall contain the
15 following statement:

16 “Buyer is advised that the property may be located near a military installation
17 that conducts flight operations, munitions testing, or military operations that may
18 result in high noise levels.”

19 (3) All local laws requiring a statement or notice substantially similar
20 to the statement required under paragraph (2) of this subsection prevail over the
21 requirements of this subsection.

22 (l) (1) This subsection applies to Anne Arundel County.

23 (2) Subject to paragraph (3) of this subsection, if Anne Arundel County
24 or the State has initiated enforcement action for a violation of a local law described in
25 § 5-106(aa)(1) of the Courts and Judicial Proceedings Article, a contract for sale of the
26 real property where the violation occurred shall disclose:

27 (i) The nature of the violation;

28 (ii) The status of any ongoing proceedings to enforce the
29 violation; and

30 (iii) Any actions the buyer of the real property may be required
31 to take with respect to the property in order to cure the violation.

32 (3) If a violation of a local law described in § 5-106(aa)(1) of the Courts
33 and Judicial Proceedings Article is cured and a buyer of the real property where the

1 violation occurred would not have any obligation to cure the violation, paragraph (2) of
2 this subsection does not apply.

3 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 October 1, 2012.