

HOUSE BILL 91

N1

2lr0756

(PRE-FILED)

By: **Delegate Holmes**

Requested: October 12, 2021

Introduced and read first time: January 12, 2022

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

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

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

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

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

16 **Article – Real Property**

17 8–703.

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

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

8 8–805.

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

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

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

15 [(3)] (4) **“Redeemable ground rent”** means a ground rent that may be
16 redeemed in accordance with this section or redeemed or extinguished in accordance with
17 § 8–804(f) of this subtitle.

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

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

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

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

1 (2) The notice may be recorded by:

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

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

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

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

11 (ii) The name of every ground lease holder of an irredeemable ground
12 rent;

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

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

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

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

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

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

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

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

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

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

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

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

7 (2) If a notice of intention to preserve is not recorded on or before December
8 31, 2010, the ground rent becomes a redeemable ground rent.

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

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

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

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

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

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

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

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

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

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

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