

JUDICIAL PROCEEDINGS
Room 2 East
Miller Senate Building
Annapolis, Maryland 21401-1991

Handouts
Hearing re: Ground
Rent+ Bills - 2/29/07
Senate Judicial
Proceedings
Committee

Bill No.	Short Title and Sponsor	Notes
✓ SB 289	GROUND RENTS - EJECTMENT ACTIONS - POSTING NOTICE ON PROPERTY Sen Kelley	Analyst assigned: R
✓ SB 396	GROUND RENTS - REMEDY FOR NONPAYMENT OF GROUND RENT Sen Gladden, et al	Analyst assigned: R
✓ SB 397	GROUND RENTS - CONVERSION OF IRREDEEMABLE GROUND RENTS Sen Gladden, et al	Analyst assigned: R
✓ SB 398	GROUND RENTS - NOTICES REGARDING GROUND LEASES Sen Gladden, et al	Analyst assigned: R
X SB 505	FAMILY LAW - PROTECTIVE ORDERS - BURDEN OF PERSUASION Sen Forehand, et al	Analyst assigned: R
X SB 607	REAL PROPERTY - WRONGFUL DETAINER - PROTECTIVE ORDERS Sen Forehand	Analyst assigned: R
✓ SB 622	GROUND RENTS - LIMITATION OF ACTIONS - REGISTRY OF GROUND LEASES Sen Gladden	Analyst assigned: R
✓ SB 623	GROUND RENTS - REDEMPTION Sen Gladden	Analyst assigned: R
SB 755	GROUND RENTS - PROPERTY OWNED BY BALTIMORE CITY - REIMBURSEMENT FOR EXPENSES - NOTICES Sen Gladden	Analyst assigned: R

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**GROUND RENT OWNERS COALITION
TESTIMONY IN SUPPORT OF SB 623
WITH AMENDMENTS**

GROUND RENTS - REDEMPTION

Offered Before The Senate Judicial Proceedings Committee

February 28, 2007

The GRO Coalition is a collection of real estate investors, attorneys, and other individuals from across Maryland who own ground rents.

The GRO Coalition's mission is to adequately strike a balance between protecting consumer rights and protecting existing property interests of its member real estate investors and professionals.

The GRO Coalition extends its open hand to the legislature in modernizing the existing procedure for the collection of ground rents. Of the eight administration bills, the GRO Coalition supports, with amendments, most, but not all.

The GRO Coalition supports efforts to make ground rent redemption a natural part of every capital real estate transaction so that, by natural means, ground rents will become extinct, within a short period of time.

Meanwhile, however, Tenants have an existing obligation to pay ground rent. Tenants may be given several notices to pay their obligations, but the nature of the ground rent property interest is such that failure to pay does result in consequences.

The GRO Coalition welcomes the opportunity to work with the legislature in crafting appropriate solutions which balance the existing property rights of ground rent owners with reasonable additional protections for Tenants.

GRO Coalition Testimony In Support of SB 623
With Amendments
February 28, 2007
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GRO generally supports this bill with the following issues addressed:

Issue:

- Tenant can be notified of right to redeem at every billing, thereby avoiding the necessity of this additional, redundant bill.

GRO Coalition response:

- Insert the proposed notice of right to redeem in each ground rent bill sent by the Landlord. Add required language to Senate Bill 398.
- Thus, this bill is no longer necessary

Issue:

- Current proposal imposes undue delay and expense on Landlords and arm's-length transactions.

GRO Coalition response:

- Certified mail is too expensive. Tenants don't pick up certified mail. The purpose of certified mail is only to prove that notice is given, therefore, a certificate of mailing will accomplish the same purpose at less expense.
- This is not a major transaction in the nature of buying a house (as in the Baltimore City Tenant Right of First Refusal Ordinance). Therefore, 15 days to consider and respond to a Notice of Right to Redeem is sufficient.

Issue:

- Tenant responsibility to promptly respond to the notice.

GRO Coalition response:

- Require Tenant to obtain a certificate of mailing in order to notify the Landlord that Tenant wishes to redeem. The waiver should be imputed after 15 days.

GRO Coalition Testimony In Support of SB 623

With Amendments

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Issue:

- Current custom and usage should be complied with in the settlement of a real estate transactions.

GRO Coalition response:

- The amounts payable to the Landlord should include not only the redemption amount, but also reimbursement of any registration fee required of the Landlord, along with any back-rent due, accrued rent from the date of the last payment and any expenses lawfully incurred which remain unpaid.
- Redemptions are at the sole cost and expense of Tenant. Tenants are responsible for having a title company perform title services, settlement services, and deed preparation. Tenants are responsible for all transfer taxes and expenses of transfer. Current custom and usage should be maintained. Therefore, the Tenant should remain responsible for submitting a deed, settlement statement and the required funds.

Issue:

- All tenants should redeem ground rents upon the occurrence of a capital transaction (sale/transfer of property and refinance/mortgage of property).

GRO Coalition response:

- All such transactions should require Tenant to exercise the right to redeem, thereby eliminating most ground rents within a short period of time. Thus, ground rents would naturally become extinct with no property rights being lost.

SPECIFIC AMENDMENTS OFFERED:

- Page 8, line 3, after "Tenant" add: "according to the records of the Department of Assessments".
- Page 8, line 8, substitute small "b" for capital "B"
- Page 8, line 10, add at end: "and any other outstanding charges which are lawfully due and unpaid".

GRO Coalition Testimony In Support of SB 623

With Amendments

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Page 4

- Page 8, line 11/12, delete "certified mail, return receipt requested, and by" and insert after the words "first-class mail with a Certificate Mailing from the United States Postal Service" (more reasonable expense and assures transmittal)
- Page 8, line 15, delete "30" and insert "15" (more reasonable and still sufficient)
- Page 8, line 16/17, delete "receipt" and insert "mailing" and at end add", by first-class mail with a Certificate of Mailing from the United States Postal Service"
 - Page 8, line 20, delete "30" and insert "15"; delete "receipt" and insert "mailing" (to be consistent)
 - Page 8, line 23, delete "30" and insert "15" (to be consistent)
 - Page 8, line 26, after "amount" insert ", reimbursement for landlord's registration fee"; and after "due" delete ".", and insert ", accrued ground rent and a deed of conveyance in proper form"
 - Page 8, line 28, after "amount" insert ", reimbursement of landlord's registration fee,"; and delete "and"; after "rent" insert "accrued ground rent and deed of conveyance", delete "due"; delete "provide" and insert "execute and return"
 - Page 8, line 29, delete "a" and insert "the"
 - Page 9, line 1 after "amount" insert", reimbursement of landlord's registration fee,"; delete ""and"; after "rent"" insert ", accrued ground rent"; after "due" insert "and furnish a proper deed of conveyance"
 - Page 9, line 7, insert "(a)"
 - Page 9, line 10, delete "the settlement agent shall notify the borrower of:" and insert "the borrower shall redeem the ground rent pursuant to the provisions of Section 8-110 of the Article."
 - Page 9, line 11/14, delete and insert in lieu: "(b) before transfer of any residential real property that is subject to a redeemable ground rent, the buyer shall redeem the ground rent pursuant to the provisions of Sections 8-110 of this Article."



MARTIN O'MALLEY
GOVERNOR

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TTY USERS CALL VIA MD RELAY

**Statement of Joseph C. Bryce on behalf of
Governor Martin O'Malley**

**Senate Judicial Proceedings Committee
February 28, 2007**

Bill No.: Senate Bills 289, 396, 397, 398, 622, 623, and 755

Bill Subject: Reform of the Ground Rent System

The O'Malley-Brown Administration joins Senator Gladden, Della, Conway, Jones, McFadden, Kelley, and Pugh in support of this package of reform bills. This package aims at a problem that the Governor, as Mayor of Baltimore City, has been trying to confront since 2001. The presence of ground rents on residential property has resulted in great harm to many families in Maryland. It is clear that this is a system badly in need of reform.

This Committee, and the Senate, unanimously supported Senate Bill 106, emergency legislation aimed at immediately addressing the root of this problem by prohibiting the creation of new ground rents on residential properties. Passage of that important bill allows us to now turn our attention to reforming this arcane system.

Ground rents, and the problems sometimes associated with them, are not just a Baltimore City problem. We know that ground rents exist in at least six other Maryland jurisdictions (Baltimore, Anne Arundel, Harford, Worcester, Howard and Talbot Counties).

The package of bills the Committee will be hearing today centers around some very basic, necessary reforms and principles:

- improved notice of ground rent obligations and rights
- creation of a centralized registry system
- promotion and facilitation of the redemption of existing ground rents
- development of a more equitable remedy for non-payment

The Administration believes that the debate on this issue should revolve around two basic principles – first, and most importantly, the State should protect the rights of people who must pay ground rents and ensure that the penalty for non-payment is fair, just and proportionate to the offense; and, secondly, the State should be conscious of the rights of legitimate holders of ground rents and allow some remedy to ensure payment. These are not mutually exclusive principles – we can protect the legitimate property rights of tenants and owners.

We need to develop a comprehensive approach to this issue. People need to know that they have a ground rent on their property, how much it is, who it is payable to, and what can happen if they fail to pay. We should encourage the redemption of ground rents as a method of mitigating the risk that a tenant will later inadvertently fail to fulfill their ground rent obligation. Most importantly, we need to make the “punishment fit the crime” -- very simply put, hardworking Maryland families should not lose the equity they have built up in their property because of a failure to pay their ground rent obligation.

In meeting these goals, we should be mindful of the rights of individuals who hold ground rents as a legitimate, steady, long-term investment. Ground rent owners must have a mechanism for collecting debts they are owed – but the remedy that exists now is tipped too far in favor of the owner, at the expense of homeowners. A more fair and balanced remedy is a vital part of our overall reform efforts.



Maryland Association of REALTORS[®], Inc.
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Mary C. Antoun
Executive Vice President

William A. Castelli
Vice President of Government Affairs

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Senate Bill 397 – Ground Rents – Conversion of Irredeemable Ground Rents

Position: Support with Amendments

The Maryland Association of REALTORS[®] (MAR) supports the intent of SB 397 which is to provide greater opportunities to ground rent tenants to redeem ground rents.

SB 397 specifies a process for the ground rent holder to follow every 10 years after recording an irredeemable ground rent in order to preserve its irredeemability. MAR believes that the ultimate goal of this effort should be to make all ground rents redeemable and not just the ground rents that fail to record a notice of irredeemability before 2010.

By making current irredeemable ground rents redeemable, no one will have to track back the title records to determine whether the ground rents are redeemable, and no one will have to oversee whether the irredeemable ground rents continue to be recorded every 10 years. The only step needed to be taken, would be to determine the age of the ground rent in order to apply the appropriate capitalization rate. MAR believes this would be a simpler way to resolve the problems posed by irredeemable ground rents, and would avoid potential recording issues should owners fail to follow the process set out by the legislation.

MAR encourage a favorable report adopting the amendments proposed by the Greater Baltimore Board of REALTORS[®] (GBBR).



GBBR Amendments to SB 397

On page 2, line 9 through page 6, line 12: delete text in its entirety and substitute the following language:

§8-110 REDEMPTION OF CERTAIN REVERSIONS.

(A) (1) THIS SECTION DOES NOT APPLY TO LEASES OF PROPERTY LEASED FOR BUSINESS, COMMERCIAL, MANUFACTURING, MERCANTILE, OR INDUSTRIAL PURPOSES OR ANY OTHER PURPOSE WHICH IS NOT PRIMARILY RESIDENTIAL, WHERE THE TERM OF THE LEASE, INCLUDING ALL RENEWALS PROVIDED FOR, DOES NOT EXCEED 99 YEARS. A LEASE OF THE ENTIRE PROPERTY IMPROVED OR TO BE IMPROVED BY ANY APARTMENT, CONDOMINIUM, COOPERATIVE, OR OTHER BUILDING FOR MULTIPLE-FAMILY USE ON THE PROPERTY CONSTITUTES A BUSINESS AND NOT A RESIDENTIAL PURPOSE. THE TERM "MULTIPLE-FAMILY USE" DOES NOT APPLY TO ANY DUPLEX OR SINGLE-FAMILY STRUCTURE CONVERTED TO MULTIPLE-DWELLING UNIT.

~~(2) EXCEPT AS PROVIDED IN SUBSECTION (G) OF THIS SECTION, THIS SECTION DOES NOT APPLY TO IRREDEEMABLE LEASES EXECUTED BEFORE APRIL 9, 1884.~~

~~—(3) THIS SECTION DOES NOT APPLY TO LEASES OF THE GROUND OR SITE UPON WHICH DWELLINGS OR MOBILE HOMES ARE ERECTED OR PLACED IN A MOBILE HOME DEVELOPMENT OR MOBILE HOME PARK.~~

(B) (1) EXCEPT FOR APARTMENT AND COOPERATIVE LEASES, ANY REVERSION RESERVED IN A LEASE FOR LONGER THAN 15 YEARS IS REDEEMABLE, AT THE OPTION OF THE TENANT, AFTER 30 DAYS NOTICE TO THE LANDLORD. NOTICE SHALL BE GIVEN BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, AND BY FIRST-CLASS MAIL TO THE LAST KNOWN ADDRESS OF THE LANDLORD.

(2) THE REVERSION IS REDEEMABLE:

i. FOR A SUM EQUAL TO THE ANNUAL RENT RESERVED BY:

1. 25, WHICH IS A CAPITALIZATION AT 4 PERCENT, IF THE LEASE WAS EXECUTED FROM APRIL 8, 1884 TO APRIL 5, 1888, BOTH INCLUSIVE;
2. 8.33, WHICH IS A CAPITALIZATION AT 12 PERCENT, IF THE LEASE WAS CREATED AFTER JULY 1, 1982; ~~OR~~
3. 24, WHICH IS CAPITALIZATION AT 4.5 PERCENT, IF THE LEASE WAS CREATED BEFORE APRIL 8, 1884; OR
4. 16.66, WHICH IS CAPITALIZATION AT 6 PERCENT, IF THE LEASE WAS CREATED AT ANY OTHER TIME.



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Senate Bill 396 – Ground Rents – Remedy for Nonpayment of Ground Rent

Position: Support with Amendments

The Maryland Association of REALTORS® (MAR) supports SB 396 which would repeal the current ejectment right of ground rent owners and substitute a lien right for owners instead.

MAR believes this legislation directly addresses the most egregious practices that were made public during the last 6 months. While ground rents were subject to the same ejectment rights as other leases, the current system can produce some extremely unfair results.

SB 396 will preserve an appropriate and proportional enforcement mechanism for ground rent owners when tenants are delinquent in rent payments. Similar to a normal foreclosure process, the owner would be able to recover past rent due, and any costs and attorney fees awarded by the court. However, the tenant would be able to retain any of the equity left in the property which may be many times greater than the ground rent owner recovered in court.

MAR would further recommend that the lien of the owner be given priority, but that the foreclosure right would not be available until the amount owed the owner exceeded 20% of the assessed value of the property or \$20,000 or three years time since the date of final judgment. This assures that homeowners are not kicked out of their home over relatively small amounts of money owed.

MAR supports SB 396 with the amendments proposed by the Greater Baltimore Board of REALTORS® (GBBR).



GBBR Amendments to SB 396

No. 1 On page 9, line 11, substitute SHALL for MAY.

No. 2 On page 9, line 30, after MAY insert NOT.

No. 3 On page 10, lines 1 and 2, strike and replace with:

(4) A LIEN IMPOSED UNDER THIS SUBTITLE HAS PRIORITY OVER ALL OTHER LIENS, EXCEPT TAX LIENS.

No. 4 On page 10, lines 20-24, strike in their entirety and substitute:

(O) (1) A LIEN CREATED UNDER THIS SUBTITLE MAY BE ENFORCED AND FORECLOSED BY THE PARTY WHO OBTAINED THE LIEN IN THE SAME MANNER, AND SUBJECT TO THE SAME REQUIREMENTS, AS THE FORECLOSURE MORTGAGES OR DEEDS OF TRUSTS ON PROPERTY IN THIS STATE CONTAINING NEITHER A POWER OF SALE OR AN ASSENT TO A DECREE, PROVIDED THAT:

(I) THE LIEN AMOUNT IS THE LESSER OF 20% OF THE ASSESSED VALUE OF THE PROPERTY AS DETERMINED BY THE STATE DEPARTMENT OF ASSESSMENT AND TAXATION

(II) THE LIEN AMOUNT EXCEEDS \$20,000; OR

(III) THREE YEARS HAVE PASSED SINCE THE DATE OF FINAL JUDGEMENT.

No. 5 On page 11, line 8, after TITLE, strike the period and add:

AFTER WHICH THE DEPARTMENT SHALL PROCEED IN ACCORDANCE WITH §8-110(G)(7).

No. 6 On page 11, after line 8, insert new subsection Q as follows:

(Q) NOTHING IN THIS SUBTITLE AFFECTS THE RIGHT OF A GROUND RENT OWNER TO MAINTAIN A PERSONAL ACTION AGAINST THE LEASEHOLD TENANT FOR GROUND RENT DUE.

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GROUND RENT OWNERS COALITION
TESTIMONY IN OPPOSITION TO SB 289

GROUND RENTS - EJECTMENT ACTIONS -
POSTING NOTICE ON PROPERTY

Offered Before The Senate Judicial Proceedings Committee

February 28, 2007

The GRO Coalition is a collection of real estate investors, attorneys, and other individuals from across Maryland who own ground rents.

The GRO Coalition's mission is to adequately strike a balance between protecting consumer rights and protecting existing property interests of its member real estate investors and professionals.

The GRO Coalition extends its open hand to the legislature in modernizing the existing procedure for the collection of ground rents. Of the eight administration bills, the GRO Coalition supports, with amendments, most, but not all.

The GRO Coalition supports efforts to make ground rent redemption a natural part of every capital real estate transaction so that, by natural means, ground rents will become extinct, within a short period of time.

Meanwhile, however, Tenants have an existing obligation to pay ground rent. Tenants may be given several notices to pay their obligations, but the nature of the ground rent property interest is such that failure to pay does result in consequences.

The GRO Coalition welcomes the opportunity to work with the legislature in crafting appropriate solutions which balance the existing property rights of ground rent owners with reasonable additional protections for Tenants.

GRO Coalition Testimony In Opposition To SB 289

February 28, 2007

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While GRO Coalition supports efforts to modernize ground rent law, this bill requiring posting on the property prior to the institution of any legal action for possession of the property may constitute a violation of Federal Fair Debt Collection Practices Act and/or Federal Privacy Rules.

Therefore, GRO Coalition urges that this bill be reported unfavorably by the Committee.

The GRO Coalition is a collection of real estate investors, attorneys, and other individuals from across Maryland who own ground rents.

The GRO Coalition's mission is to adequately strike a balance between protecting consumer rights and protecting existing property interests of its member real estate investors and professionals.

The GRO Coalition extends its open hand to the legislature in modernizing the existing procedure for the collection of ground rents. Of the eight administration bills, the GRO Coalition supports with amendments, most pertinent are:

The GRO Coalition supports efforts to make ground rent redemption a natural part of every capital real estate transaction so that, by natural means, ground rents will become extinct within a short period of time.

Meanwhile, however, tenants have an existing obligation to pay ground rent. Tenants may be given several notices to pay their obligations, but the nature of the ground rent property interest is such that failure to pay does result in consequences.

The GRO Coalition welcomes the opportunity to work with the legislature in creating appropriate solutions which balance the existing property rights of ground rent owners with reasonable additional protections for tenants.



BALTIMORE COUNTY
- MARYLAND -

JAMES T. SMITH, JR.
County Executive

FRANK J. PRINCIPE JR., *Government Affairs Director*
ERIN P. FAVAZZA, *State Affairs Director*
Legislative Liaison Office

Senate Bill 397

To: Senate Judicial Proceedings Committee
From: James T. Smith, Jr., County Executive
Staff Contact: Erin P. Favazza, State Affairs Director
Title: Ground Rents – Conversion of Irredeemable Ground Rents
Sponsor: Senators Gladden, Della, McFadden, et al.
Position: SUPPORT

Baltimore County **SUPPORTS** Senate Bill 397 because it is part of an overall legislative package to reform Maryland's antiquated ground rent system that has unjustly caused families to lose their homes. While Baltimore County does not have definitive data on the number of ground rents in the County, based on anecdotal accounts, many are located in the County.

Additionally, the County supports the other pieces of the Governor's legislative package to reform ground rents that will provide homeowners with better protection, understanding, and opportunities to buy their own ground rents, as well as provide a more equitable remedy for failure to pay the ground rent. Those pieces of legislation include:

- Prohibit the use of ejectment as a remedy for the nonpayment of ground rent;
- Establish that the sole remedy for the nonpayment of ground rent is the creation of a lien in the amount of the ground rent due;
- Require that in order to create a lien, the ground rent must be at least 6 months in arrears and the ground rent owner must provide written notice to the tenant;
- Repeal the waiting period for a tenant to redeem a ground rent and require that the ground rent owner give the tenant the first opportunity to redeem a ground rent before offering to a third party;

- Create a registry and on-line database for ground rents and properties subject to ground rents with the Maryland State Department of Assessments and Taxation; and
- Decrease, from 20 years to 3 years, the amount of time after which, if no demand or payment of ground rent is made, a ground rent is extinguished.

For these reasons, Baltimore County **SUPPORTS** SB 397 and requests a **FAVORABLE** report.

Legal Aid Bureau, Incorporated

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Warren S. Oliveri, Jr., President
Wilhelm H. Joseph, Jr., Executive Director
Joseph Rohr, Chief Attorney
Cornelia Bright Gordon, Chief Attorney

February 28, 2007

The Honorable Brian E. Frosh
Chairman, Senate Judicial Proceedings Committee
Senate Office Building, Room 2 East
Annapolis, MD 21401

**Re: Support for Senate Bill 396 - Remedy for Nonpayment of Ground
Support Generally for Senate Bills 397, 622, 623**

Dear Mr. Chairman and Members of the Judicial Proceedings Committee:

We are heartened by the worthy attention both houses of the General Assembly are giving to this very important issue, and we appreciate the opportunity to testify in support of Senate Bill 396 and the related bills generally. These bills address the heartbreaking loss of homes, particularly by low income home owners, that results from ground rent ejections. The Legal Aid Bureau, Inc. ("Legal Aid") is a private, non-profit organization that provides free legal services to indigent Maryland residents. In our 13 offices around the state, we help individuals and families with a wide array of civil legal issues including consumer, housing, public benefits, and family law matters. One of our primary missions is the preservation of low income home ownership.

The history, circumstances and abuse of Maryland's ground rent system have been well covered in the press and need not be reiterated here. The core legal right at the heart of the matter is the right to take residential property for the failure to pay astonishingly small amounts of rent, resulting in huge windfalls in today's market for ground rent owners. It is the sheer disproportion of the ground rent owners' remedy that shocks the conscience. We therefore **support SB 396** for the following reasons:

- the elimination of ejection as the remedy for nonpayment;
- the provision of a judicial process to consider the leaseholder's objections without assuming the burden of proof;
- the limitation of attorney's fees; and
- the recordation of the ground rent liens consistent with other liens.

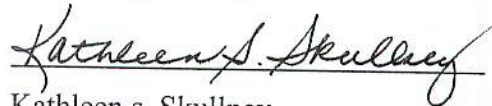
Consistency with other liens is an important feature of SB 396 and we note that Page 10, Lines 20-24 of the bill appears to retain a mortgage foreclosure process. We respectfully request that the Committee consider clarifying that ground rent liens are included in the judicial enforcement process that applies to other judgment liens.

We further support generally Senate Bills 397, 622, and 623 in addressing other problematic components of the current ground rent system as follows:

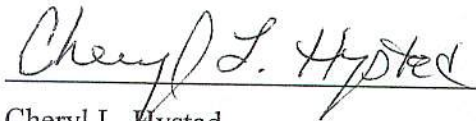
- uniformity for redemption periods of residential ground rents;
- the inclusion of ground rent notification in the residential property settlement process;
- a user friendly source for identifying ground rents;
- a shortened limitations period; and
- greater limitations on perpetual ground rents.

For these reasons, we strongly urge you to favorably report SB 396.

Very Truly Yours,



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Lee Hudson, Director

Comment Prepared for the
Judicial Proceedings Committee
on
Senate Bills 396, -7 & -8, 622- & 3, 755
February 28, 2007
Position: **Favorable**

Mr. Chairman, and members of the Committee, I thank you for this opportunity to testify on behalf of fair treatment and justice under the law. I am Lee Hudson, director of State advocacy for the Evangelical Lutheran Church in America, a faith community with two hundred and ten congregations within three of its synods.

Our community regards shelter as a minimum condition of sufficient livelihood. We are also concerned about fair, equitable treatment of all people under fair, just laws.

The need for Maryland to revise the legal conditions pertaining ground rent laws has recently been documented. It just should not be the case that people living in houses they legally own are vulnerable to foreclosure, eviction and homelessness.

You have before you bills that address different aspects of the problems that have evolved from historical accident, willful deception, and opportunistic exploitation. Our testimony is that we believe these issues should be addressed by the General Assembly:

- existing ground rents should be redeemable, excepting where they exist as a community development trust
- ground rent arrearages should become a proper lien for nonpayment
- lessees have a right to know that they are such and as such they have rights
- generally the tenant must have rights that are public, known, and expressed
- ground leases must be registered, published, and noted at every transaction

We trust that the Committee will find legislative remedies to correct injustices that have developed in ground rent markets and re-regulate this instrument. We ask your favorable report for those bills that meet this intention.

Thank you for your considerate hearing.

Lee Hudson



CDI CONSULTING
SERVICES, LLC

BILL NUMBER: SB396

TITLE: Ground Rents - Remedy for Nonpayment of Ground Rent

DATE: February 28, 2007

BY: Chris DiPietro

FOR: Bank of America

POSITION: Favorable with Amendment

Chairman Frosh and Members of the Committee:

Bank of America supports the goals of SB396 by providing new remedies for the non-payment of ground rents.

Bank of America proposes a friendly amendment that seeks to preserve the interest of all interested parties at the beginning of the remedy process when a ground rent becomes delinquent (6 months in arrears). We seek that all mortgagees of record on a property be notified at the same time the tenant is notified of the delinquency. Notice to all mortgagees of record at the beginning of the process provides an opportunity to cure any delinquent ground rents in a timely manner without accruing exorbitant fees and other charges associated with the owner of the ground rent's lawful claim to payment. It also provides an opportunity for the homeowner to be made aware of various options available to satisfy the ground rent including escrow or purchase of the ground rent.

Bank of America supports the efforts of the bill's sponsor and of the administration to address this very important issue.

We respectfully request a favorable report on SB396 with the proposed friendly amendment (see attached).

AMENDMENTS TO SENATE BILL 396
(First Reading File Bill)
By Bank of America

AMENDMENT NO. 1:

On page 6, in line 5, after the word "TO" and insert ": (I)"

AMENDMENT NO. 2:

On page 6, in line 5 after the word "TENANT" insert "OF THE PROPERTY; AND"

AMENDMENT NO. 3:

On page 6, in line 5 strike through the words "**AGAINST WHOSE**"

AMENDMENT NO. 4:

On page 6, in line 6 strike through the words: "**PROPERTY THE LIEN IS INTENDED TO BE IMPOSED**" and insert "**(II) Each MORTGAGEE OF THE PROPERTY WHOSE LIEN IS ON RECORD**"

AMENDMENT NO. 5:

On page 6, in line 7 after the word "**NOTICE**" insert "**TO THE TENANT**"

AMENDMETN NO. 6:

On page 6, in line 14 after the period insert "**(3) NOTICE TO ANY MORTGAGEE UNDER THIS SUBSECTION SHALL BE SENT BY CERTIFIED AND FIRST CLASS MAIL TO THE MOST CURRENT ADDRESS FOR NOTICES AS SET FORTH IN THE LAND RECORDS OR, IF NO SUCH ADDRESS IS CONTAINED IN THE LAND RECORD, TO THE MORTGAGEE'S CURRENT ADDRESS.**"

Explanation: This is a friendly amendment that seeks to preserve the interests of all interested parties. Notice to all mortgagees of record provides an opportunity to cure any delinquent ground rents in a timely manner without accruing exorbitant fees and other charges associated with the owner of the ground rent's lawful claim to payment. It also provides an opportunity for the homeowner to be made aware of various options available to satisfy the ground rent including escrow or purchase of the ground rent.



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Senate Bill 622 – Ground Rents – Limitations of Actions – Registry of Ground Leases

Position: Support with Amendments

The Maryland Association of REALTORS® (MAR) supports SB 622 which would create a registry of ground rents.

A registry would provide important information to owners of property subject to a ground rent, purchasers of property subject to a ground rent, and any person involved in the transfer of property subject to a ground rent. Too many times, parties enter into a contract to sell property without realizing that the property is subject to a ground rent. The ground rent is discovered after the title work for the transaction has been started, often times near the end of the transaction. This can create havoc when a buyer decides to back out of the transaction.

If a central registry existed, ground rents could more easily be identified and individuals would be better informed. While MAR supports a penalty for ground rent owners who do not register, MAR recommends that a ground rent owner be prevented from bringing action against an owner until one year after the registration has taken place rather than extinguishment of the ground rent itself.

Finally, regarding the fee imposed for registering ground rents, MAR suggests that the fee be capped so that owners with multiple ground rents are not unduly burdened, and do not try to avoid their legal responsibility because of the cost.

MAR supports SB 622 with the amendments offered by the Greater Baltimore Board of REALTORS® (GBBR).



GBBR Amendments to SB 622

No. 1 On page 3, line 10 through page 4, line 7, strike in its entirety.

No. 2 On page 5, lines 9 and 10, strike and replace with:

A REGISTRATION APPLICATION FEE EQUAL TO 10% OF THE ANNUAL RENT OF EACH GROUND RENT NOT TO EXCEED A TOTAL PAYMENT OF \$5,000 FOR EACH GROUND RENT OWNER.

No. 3 On page 7, lines 10 through 22, strike in their entirety and replace with:

§8-707. IF A LANDLORD DOES NOT SATISFY THE REQUIREMENTS OF §8-706 OF THIS SUBTITLE, THE LANDLORD MAY NOT BRING AN ACTION UNDER §8-402.2 OF THIS SUBTITLE UNTIL ONE YEAR AFTER THE REGISTRATION IS COMPELTE.

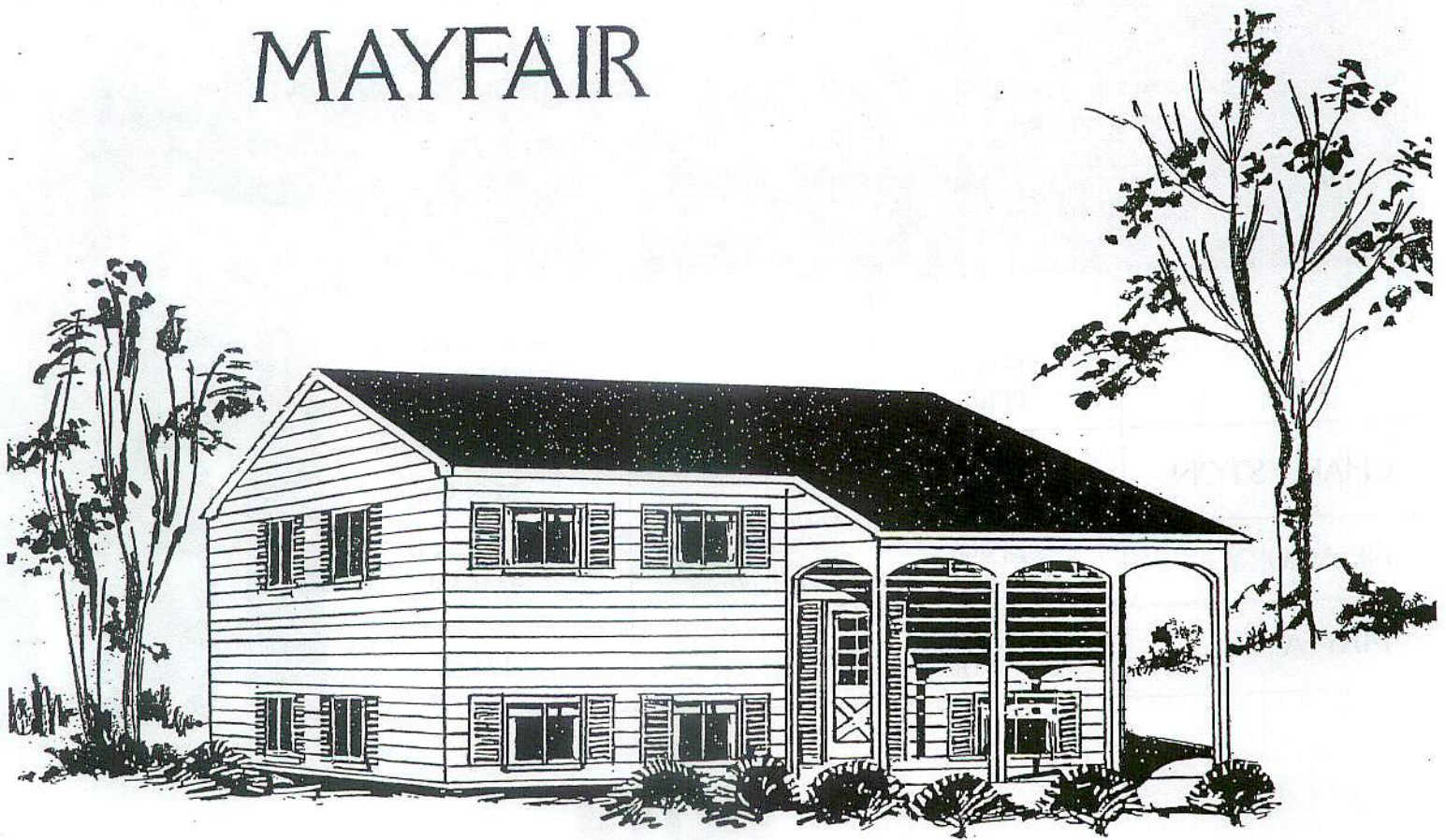


Page 1 of 1

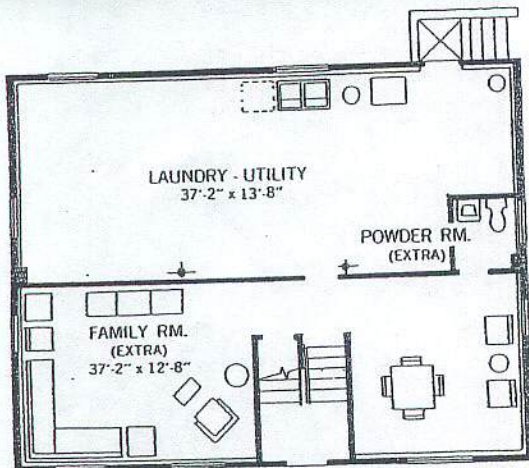
Transfer Date	Account Identifier	Street Location	Sale Price	Liber/Folio
<u>01/04/2007</u>	27 09 52670 731	1661 WINFORD ROAD		8840/ 631
<u>11/22/2006</u>	27 09 52670 679	1626 WINFORD ROAD		8640/ 123
<u>10/27/2006</u>	27 24 5387 760	1909 WINFORD ROAD		8538/ 442
<u>08/11/2006</u>	27 24 5387 728	1906 WINFORD ROAD	162,150	8193/ 561
<u>07/13/2006</u>	27 24 5387 740D	2022 WINFORD ROAD	163,000	8063/ 510
<u>06/08/2006</u>	27 09 52670 726	1651 WINFORD ROAD	145,000	7899/ 370
<u>05/18/2006</u>	27 24 5387 740D	2022 WINFORD ROAD	0	7810/ 397
<u>05/10/2006</u>	27 09 52670 711	1621 WINFORD ROAD	0	7774/ 601
<u>04/05/2006</u>	27 09 52670 668	1604 WINFORD ROAD	4,632	7603/ 664
<u>03/15/2006</u>	27 24 5387 734	2002 WINFORD ROAD	0	7516/ 574
<u>01/26/2006</u>	27 09 52670 723	1645 WINFORD ROAD	149,900	7300/ 262
<u>09/14/2005</u>	27 09 52670 624	1546 WINFORD ROAD	0	6761/1275
<u>07/29/2005</u>	27 24 5387 741	1701 WINFORD ROAD	158,000	6665/ 387
<u>07/28/2005</u>	27 24 5387 740B	2018 WINFORD ROAD	152,500	6663/ 852
<u>06/17/2005</u>	27 24 5387 749	1803 WINFORD ROAD	0	6575/1305
<u>06/15/2005</u>	27 09 52670 693	1654 WINFORD ROAD	0	6570/ 415
<u>05/26/2005</u>	27 24 5387 758	1905 WINFORD ROAD	0	6534/ 990
<u>05/04/2005</u>	27 24 5387 766	2007 WINFORD ROAD	112,500	6485/1367
<u>04/29/2005</u>	27 24 5387 740B	2018 WINFORD ROAD	79,000	6477/ 253
<u>04/29/2005</u>	27 24 5387 740B	2018 WINFORD ROAD	110,380	6477/ 248
<u>04/26/2005</u>	27 09 52670 616	1530 WINFORD ROAD	114,000	6468/ 119
<u>04/15/2005</u>	27 24 5387 741	1701 WINFORD ROAD	66,500	6448/ 200
<u>03/22/2005</u>	27 24 5387 766	2007 WINFORD ROAD	29,400	6398/ 85

<u>JAMES C ROWLETTE</u>	27 09 52670 631	1560 WINFORD ROAD	H	27
<u>MERLE J FITZGERAL</u>	27 09 52670 666	1600 WINFORD ROAD	H	27
<u>ELLSWORTH D BROOK</u>	27 09 52670 701	1601 WINFORD ROAD	H	27
<u>WILLIE L HARLEY &</u>	27 09 52670 667	1602 WINFORD ROAD	H	27
<u>LACY BROCK JR & W</u>	27 09 52670 702	1603 WINFORD ROAD	H	27
<u>FITZGERALD JOYCE</u>	27 09 52670 668	1604 WINFORD ROAD	H	27
<u>JAMES JEROME</u>	27 09 52670 703	1605 WINFORD ROAD	H	27
<u>BRENDA SCHAFFER E</u>	27 09 52670 669	1606 WINFORD ROAD	H	27
<u>WOODS WILLIAM J</u>	27 09 52670 704	1607 WINFORD ROAD	H	27
<u>HOWARD D WILKINS</u>	27 09 52670 670	1608 WINFORD ROAD	H	27
<u>BRISCOE ROBERT W</u>	27 09 52670 705	1609 WINFORD ROAD	H	27
<u>FORD DOROTHY J</u>	27 09 52670 671	1610 WINFORD ROAD	H	27
<u>SINGLETARY LEVERN</u>	27 09 52670 706	1611 WINFORD ROAD	H	27
<u>STERLING A SPIVEY</u>	27 09 52670 672	1612 WINFORD ROAD	N	27
<u>MARY L BLANTON</u>	27 09 52670 707	1613 WINFORD ROAD	H	27
<u>BROWN TOMMIE L</u>	27 09 52670 673	1614 WINFORD ROAD	H	27
<u>BROWN NATHANIEL L</u>	27 09 52670 708	1615 WINFORD ROAD	H	27
<u>BENJAMIN DICKERSO</u>	27 09 52670 674	1616 WINFORD ROAD	H	27
<u>HETHERINGTON MARY</u>	27 09 52670 709	1617 WINFORD ROAD	H	27
<u>SMITHYOUNG LINDA</u>	27 09 52670 675	1618 WINFORD ROAD	H	27
<u>ARLENE B JOHNSON</u>	27 09 52670 710	1619 WINFORD ROAD	H	27
<u>WILLIAM S BROWN &</u>	27 09 52670 676	1620 WINFORD ROAD	H	27
<u>DEVANCE PAULINE</u>	27 09 52670 711	1621 WINFORD ROAD	H	27
<u>JENKINS SR JAMES</u>	27 09 52670 677	1622 WINFORD ROAD	N	27
<u>MARSHALL CLAYBORN</u>	27 09 52670 712	1623 WINFORD ROAD	H	27
<u>LIELY DELORES E</u>	27 09 52670 678	1624 WINFORD ROAD	H	27
<u>RHONDA M CARDEN</u>	27 09 52670 713	1625 WINFORD ROAD	H	27
<u>HARRIS BEATRICE L</u>	27 09 52670 679	1626 WINFORD ROAD	H	27
<u>BRACEY FLORA</u>	27 09 52670 714	1627 WINFORD ROAD	H	27
<u>RODELL MOODY & WF</u>	27 09 52670 680	1628 WINFORD ROAD	H	27
<u>GUY KIA DENISE</u>	27 09 52670 715	1629 WINFORD ROAD	H	27
<u>WILLIAM G MCGINNI</u>	27 09 52670 681	1630 WINFORD ROAD	H	27
<u>CLARENCE E JAMES</u>	27 09 52670 716	1631 WINFORD ROAD	H	27
<u>DORIS MYERS</u>	27 09 52670 682	1632 WINFORD ROAD	H	27
<u>FLIGGINS JANICE E</u>	27 09 52670 717	1633 WINFORD ROAD	H	27
<u>LANG EARL L</u>	27 09 52670 683	1634 WINFORD ROAD	H	27
<u>WALSH DOROTHY M</u>	27 09 52670 718	1635 WINFORD ROAD	H	27
<u>JOHNSON THERESSA</u>	27 09 52670 684	1636 WINFORD ROAD	H	27
<u>FITZGERALD DINNEL</u>	27 09 52670 719	1637 WINFORD ROAD	H	27
<u>WILLIAMS SHARON D</u>	27 09 52670 685	1638 WINFORD ROAD	N	27

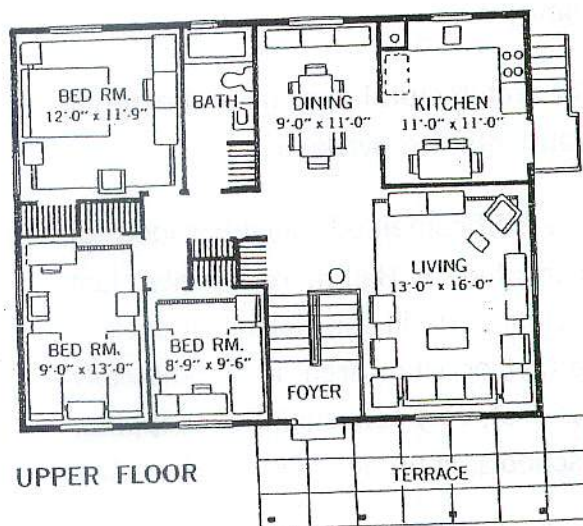
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Ductwork installed for future Air Conditioning. Complete cooling is optional for \$650.00 extra. In addition, see Designed for Living Features

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3 bedrooms, dining room, living room, terrace, full basement

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HOME	SELLING PRICE		APPROX. MONTHLY PAYMENTS. (INT., PRIN., G.R., TAXES, & INSURANCE.)
CHARLESTON	\$16,990 G.R. \$180	ESTIMATED CASH REQUIRED FOR DOWN PAYMENT & SETTLEMENT COSTS: \$1,200 to \$1,500	\$144.00
NEWBURY	\$15,990 G.R. \$180		\$138.00
MAYFAIR	\$15,490 G.R. \$180		\$135.00

H

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CONSTRUCTION COMPANY, Agent

A new suburban residential community of distinctive individual Custom homes.

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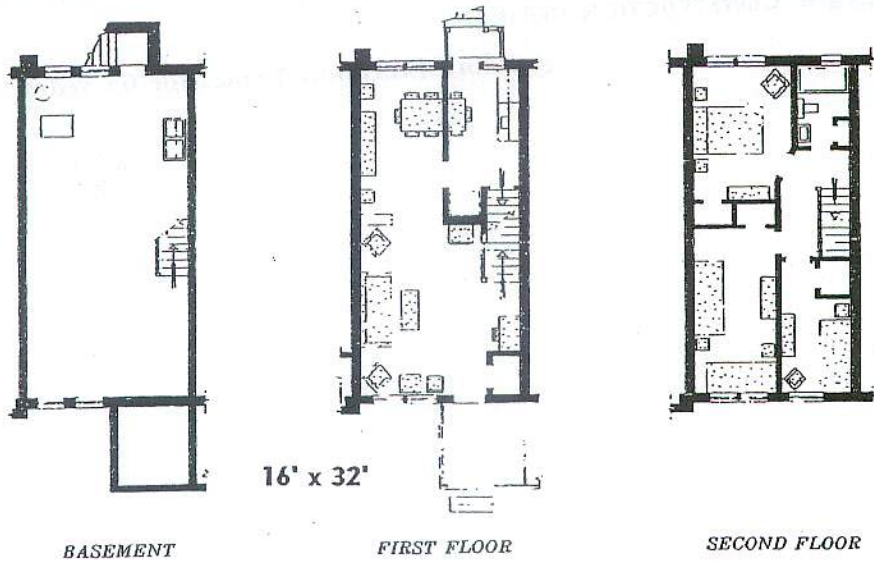
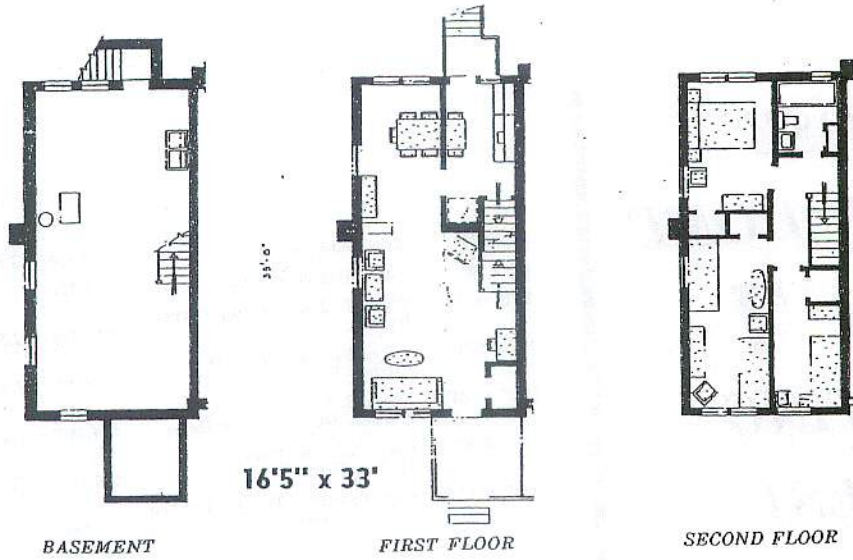
HAMILTOWNE, a self-contained neighborhood of 150 homes, is located in Baltimore County, just beyond the City Boundary, in the Northeast section of the Baltimore Metropolitan Area, in a completely suburban setting. Yet, very convenient to shopping, transportation, schools, churches, employment, and downtown.

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Your INDIVIDUAL
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CHOOSE
 YOUR HOME
 FROM 7
 EXCITING
 STYLES!

16' x 28'	Two Bedroom Home	\$ 8,750	G.R. \$90
16' x 32'	Three Bedroom Home	\$ 9,750	G.R. \$90
16'5" x 33'	Three Bedroom, Group Corner Home	\$10,250	G.R. \$96
16' x 28'K	Three Bedroom, Terrace Kitchen Home	\$ 9,250	G.R. \$90
16'5" x 28'K	Three Bedroom, Terrace Kitchen, Group Corner Home	\$ 9,750	G.R. \$96
16' x 32'K	Four Bedroom, Terrace Kitchen Home	\$10,250	G.R. \$90
16'5" x 33'K	Four Bedroom, Terrace Kitchen, Group Corner Home	\$10,750	G.R. \$96

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Building Baltimore homes for 65 years



See what **WELSH** is building at

Choose From **10** Exciting New Types

20' by 30'4" Inside Home	\$11,350	G.R. \$96
21' by 32' Group Corner Home	12,350	G.R. 96
20' by 32' Inside Home	12,250	G.R. 96
21' by 34' Group Corner Home	14,250	G.R. 96
20' by 34' Inside Home	12,950	G.R. 96
21' by 36' Group Corner Home	14,950	G.R. 96
20' by 32' Cross-Stairs Inside Home	12,950	G.R. 96
21' by 34' Cross-Stairs Group Corner Home	14,950	G.R. 96
20' by 32' Four Bedroom Inside Home	12,950	G.R. 96
21' by 34' Four Bedroom Group Corner Home	14,950	G.R. 96



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C O M P A N Y

Builder Morton Macht Dies; Headed Anti-Poverty Group

Morton Macht, first chairman of Baltimore's Community Action Commission, died yesterday at Sinai Hospital.

Mr. Macht had been ill and confined to hospitals since early September. He continued to direct the commission from his hospital bed until increasing weakness forced him to submit his resignation to Mayor McKeldin last December 6.

Prominent In Industry

Even after his resignation Mr. Macht continued the battle against poverty, issuing a statement strongly criticizing the City Council for turning down a poverty program plan for free legal aid.

Mr. Macht, who was 66, came to the poverty program from a background of prominence in the city's building industry, and civic affairs.

He was president and chairman

of the board of the Welsh Construction Company, a firm founded by his uncle, Ephraim Macht, and twice had been president of the Home Builders Association of Maryland.

The builders association had recently awarded Mr. Macht its top honor—a silver trowel—as the

(Continued, Page 6 Column 2)

The notice of the award of the Home Builders Association of Maryland's top citation made to Morton Macht appears in the Real Estate Section today. The Real Estate Section had gone to press before Mr. Macht's death.

Morton Macht

When Morton Macht agreed to be the first chairman of the Community Action Commission he must have known that he would face a trying and troublesome period of public service.

The ordinance creating the commission was before the City Council; it was under criticism. Also under criticism was the proposed list of projects to aid the underprivileged. It was a foregone conclusion that the choice of Mr. Macht would be unsatisfactory in some quarters. Furthermore the guidelines for the anti-poverty attack were hazy and there was certain to be controversy before they became clear. But that background and outlook did not deter Mr. Macht. Mayor McKeldin asked him to do a public job — to take on a task in the public interest. Mr. Macht said, yes. That was indicative of the man.

However, Mr. Macht should be and will be remembered for more than his service in helping to guide anti-poverty during its initial stages. He was a successful business man, the head of a construction company, and only a few days ago he was honored by the Home Builders Association of Maryland. For years he was prominent in hospital, charitable and civic affairs. Baltimore has long been fortunate in having business men willing to give of their time and talents in the public interest. Mr. Macht was an example of that group.

Finding a Successor to Morton Macht

SIR: It is characteristic of Morton Macht that even when ill in the hospital he issued a strong and unequivocal plea for the legal aid which poor people so desperately need and which the City Council seems determined to deny them.

What a splendid thing it would be for the city if our elected officials shared the compassionate concern for the underprivileged of our city which is shown by Morton Macht and Parren Mitchell. Both are men whose only ambition is to serve the cause to which they are dedicated.

In an unpaid position Mr. Macht has given more time and considerably more talent to public service than the vast majority of men who live at the taxpayers' expense.

It will be virtually impossible for Mayor McKeldin to find a new chief of the Community Action Commission with Mr. Macht's ability, integrity and wholehearted devotion to the program. Anyone who is qualified for this complicated job will have to make a real personal sacrifice to take it. We must hope that Mr. Macht's superb example will inspire another gifted man to follow in his footsteps.

CAROLINE R. RAMSAY,
Baltimore.

THE SU

Builder Morton Macht Dies; Headed Anti-Poverty Group

(Continued from Page 18)

man who had contributed most to the improvement of the home builder's image in 1965.

The award was presented to Mr. Macht's son, Philip, vice president of the Welsh Construction, at the association banquet January 27.

Mr. Macht was on the board of Sinai and Provident hospitals, and in 1960 was appointed chairman of the Northwest Baltimore Hospital Study Committee. He was a director of the Associated Jewish Charities, the Woodholme Country Club, and the Fight Blight Fund.

Mr. Macht was a former board member of the Har Sinai Congregation, a member of its building committee, and a member of the Palm Beach (Fla.) Country Club.

Appointed in 1964

His appointment to head the Community Action Commission came in December, 1964. Since his resignation the Rev. William T. Newbold, Jr., vice chairman of the C.A.A., has acted as its head.

Mayor McKeldin characterized Mr. Macht as a man who "fully earned the highest title that any man can enjoy in a free and democratic society, the distinguished rank of citizen first class."

"He was not concerned about his own privileges and rights," the Mayor said. "Morton Macht devoted his life to securing for others the rights and privileges, protection and rights which they did not have and which he believed them to be entitled.

"He did not avoid responsibility. He sought it."

The Mayor said that Mr. Macht



MORTON MACHT

was advised by his doctors against further activity, but he accepted the chairmanship of the Community Action Commission.

"Morton Macht was a citizen in the highest sense of being his brother's keeper," Mr. McKeldin said. "Together with thousands of his fellow citizens . . . I loved him, I mourn him, I will miss him greatly."

Besides his son, Mr. Macht, who lived at the Park Towers Apartments, is survived by his wife, the former Sophia Romm; a sister, Mrs. Esther Schindler, and a brother, Emmanuel Macht.

Funeral services will be held at 11 A.M. on Monday at the Levinson funeral establishment. Burial will be in Chizuk Amuno Arlington Cemetery.

OBITUARIES

Morton Macht Rites Tomorrow

Last rites for Morton Macht, 67, president of the Welsh Construction Co. since 1954, are scheduled 11 A. M. tomorrow at the Levinson Funeral Home, 6000 block Reisterstown Rd.

Burial will be in Chizuk Amuno Arlington Cemetery.

The builder, chairman of Balti-

more's Community Action Commission until ill health forced his retirement last December, died of cancer yesterday at Sinai Hospital. He was admitted to Sinai after suffering a heart attack several months ago.

Mr. Macht, a Philadelphian who made Baltimore his adopted home, was a past president of the Home Builders Association and director of the National City Bank of Baltimore. He joined the Welch Co. in 1916.

Mr. Macht was known by colleagues as a stout foe of segregation and favored government aid to needy persons.

He is survived by his widow, Sophia; a son, Philip Macht; and four grandchildren.