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41st Legislative District  
Baltimore City

*Vice Chairman*  
Judiciary Committee



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THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

Testimony of  
Delegate Samuel I. Rosenberg  
Before the  
House Environmental Matters Committee  
in Support of  
  
**HB 452 – Ground Rents –  
Conversion of Irredeemable Ground Rents**

Madame Chair and Members of the Committee:

The antiquated ground rent system in Maryland is broken. This Committee has heard many of the problems current legislation is trying to address. One such problem is families saddled with a ground rent that is not redeemable.

Irredeemable ground rents, mostly created before April 9, 1884, deny homeowners the ability to redeem their ground rent. These people are not only shackled to their ground rent; they are also without the opportunity to free their property from its tenancy.

House Bill 452 addresses this inequity. Irredeemable ground rents for residential properties would become redeemable if the ground rent holder does not step forward and record a "Notice to Retain Irredeemability" on or before December 31, 2010, among the land records of the county where the land is located. With that filing, the ground rent would remain irredeemable until December 31, 2020, unless further renewal notices are recorded within six months before the expiration of the applicable ten-year period.

This provision targets homeowners whose ground rent owners are either deceased or don't care to preserve the irredeemability of their ground rent.

HB 452 attempts to introduce accountability and efficiency into an outdated manner of home ownership. The current ground rent system is antiquated and skewed toward the ground rent owner. HB 452 seeks to put the homeowner on more equal footing.

I urge this Committee to give HB 452 a favorable report.

February 22, 2007



Maryland Association of REALTORS®, Inc.  
2594 Riva Road, Annapolis, MD 21401-7406

Mary C. Antoun  
Executive Vice President

William A. Castelli  
Vice President of Government Affairs

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## **House Bill 452 – Ground Rents – Conversion of Irredeemable Ground Rents**

### **Position: Support with Amendments**

The Maryland Association of REALTORS® (MAR) supports the intent of HB 452 which is to provide greater opportunities to ground rent tenants to redeem ground rents.

HB 452 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 HB 452

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.



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

**House Environmental Matters Committee  
February 22, 2007**

**MARTIN O'MALLEY  
GOVERNOR**

STATE HOUSE  
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TTY USERS CALL VIA MD RELAY

**Bill No.: House Bills 452, 458, 463, 489, 502, 580**

**Bill Subject: Reform of the Ground Rent System**

The O'Malley-Brown Administration joins Delegates McIntosh, Glenn, Rosenberg, Stein and Tarrant 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 House of Delegates, unanimously supported House Bill 172, 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.





**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*

**House Bill 452**

**To:** House Environmental Matters 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:** Delegate Rosenberg and the Speaker (By Request – Administration)

**Position:** SUPPORT

Baltimore County **SUPPORTS** House Bill 452 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** HB 452 and requests a **FAVORABLE** report.





SHEILA DIXON  
MAYOR

OFFICE OF GOVERNMENT RELATIONS

HB 452, 463, 489, 502, 580

88 STATE CIRCLE  
ANNAPOLIS, MARYLAND 21401  
TELEPHONE: 410-269-0207

February 22, 2007

**TO:** Members of the House Environmental Matters Committee

**FROM:** Demaune Millard, Director

**RE:** House Bill 452 – Ground Rents-conversion of Irredeemable Ground Rents, House Bill 463 – Ground Rents-Remedy for Non-Payment of Ground Rent, House Bill 489 – Ground Rents-Redemption, House Bill – 502 – Ground Rents-Notices Regarding Ground Rents, House Bill 580 – Ground Rents-Limitation of Actions-Registry of Ground Leases

**POSITION: SUPPORT WITH AMENDMENTS**

Chairman McIntosh, Vice-Chairman Doory and Members of the House Environmental Matters Committee, please be advised that the Baltimore City Administration **supports** House Bills 452, 463, 489, 502, and 580.

There are ground rents on 1 out of every 3 single-family homes in Baltimore, thus making these legislative remedies important to protecting our residents and also our housing market.

Ground rents, as demonstrated in our earlier presentation before this committee, are highly concentrated in distressed communities in Baltimore City particularly in East and West Baltimore and in the Park Heights corridor. These communities are characterized by high numbers of at risk households living in poverty who are more suspect to predatory ground rent actions and ejections. These areas are also characterized by large numbers of vacant and abandoned properties and are a focal point of the City's blight remediation efforts. Half of the all the vacant buildings in Baltimore City have ground rents on them. Thus, Baltimore City has multiple interests in seeing that ground rent reform is passed so we can both protect our residents and work to restore our housing market.

Bill Burgee will provide some comments on HB 458 that specifically address ground rents on properties owned by Baltimore City. I would like to point out some of the merits of the remaining ground rent bills before us today.

HB – 452 – Conversion of Irredeemable Ground Rents

Irredeemable ground rents are more than 130 years old and have been sold or passed through multiple hands since they were created yet cannot be

bought by right by the leasehold owner. Encouraging the conversion of these ground rents to be redeemable by right, particularly on ground rents that have been abandoned by the landlord, is good public policy.

#### HB – 463 – Remedy for Nonpayment of Ground Rents

This is perhaps one of the most important bills before us today in that it will serve to correct the highly imbalanced repayment mechanism of ejection. Ground rent owners should not be able to leverage the full equity homeowners have built up in their homes over non-payment of ground rent.

#### HB – 489 – Ground Rents Redemption

This bill encourages the redemption of redeemable ground rents. With the new law precluding the creation of new ground rents this bill will move in the direction of eliminating ground rents from the Maryland real estate landscape.

#### HB – 502 – Ground Rents – Notices Regarding Ground Leases

Enhanced notice of rights and information is critical for existing homeowners and new homebuyers. Many individuals do not know that they can already redeem their ground rents by right or that back rent is limited to 3 years by law. Enhanced information at the time of settlement can also serve to ease home purchase and ground rent liability concerns.

#### HB – 580 – Registry of Ground Rents

Ground rent registry is important not only to better inform our housing market intervention efforts but to also provide housing market actors, such as title companies, real estate agents, and attorneys enhanced information to make better decisions and ease the transaction process.

Separately, each of the bills provide an important reform component. However, looking at the entire package of proposed reforms, the bills constitute holistic change providing enhanced notification, process, and protections. Passing just one or two bills will be an incremental step in the right direction. However, to truly reform the system, elements of each of these bills should be supported by the Committee.

We respectfully request your assistance in securing a **favorable** report on House Bills 452, 463, 489, 502, and 580.

cc: The Honorable Curt Anderson  
The Honorable Keith Haynes  
Paul Graziano, Housing Commissioner

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**Lutheran Office on Public Policy in Maryland**

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Lee Hudson, Director

Testimony Prepared for the  
Environmental Matters Committee  
on  
House Bills 452, 463, 489, 502, & 580  
February 22, 2007  
Position: **Favorable**

Madam Chair, 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.

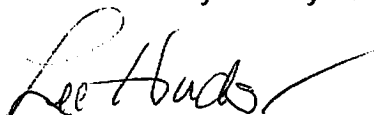
The need for Maryland to revise the legal conditions pertaining ground rent laws has recently been documented. It just should not be the case that people living in houses they legally own are vulnerable to foreclosure, eviction and homelessness.

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
- 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 in 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

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GROUND RENT OWNERS COALITION  
TESTIMONY IN SUPPORT OF HB 452  
WITH AMENDMENT

GROUND RENTS - CONVERSION OF IRREDEEMABLE GROUND RENTS

Offered Before The House Environmental Matters Committee

February 22, 2007

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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 HB 452  
**With Amendment**  
February 22, 2007  
Page 2

GRO Coalition generally supports this bill with the following issues addressed:

**Issue:**

- Fairness in retroactively effecting the status of an existing irredeemable ground rent contract

**GRO Coalition response:**

- Election to remain irredeemable should not be unduly burdensome and repeated. Notice should be one time only.
- Ground rent owner should not be required to provide any more information than currently in ground rent owner's knowledge, thus avoiding expenses of compliance (title search, etc.).
- Converted redemption amount should be at the same rate as were the first historically redeemable ground rents according to statute: i.e., 4% capitalization or multiplier of 25 times the annual rent.

## **HB 452 - Irredeemable Ground Rent Conversion Bill**

This bill concerns the problem of “irredeemable” ground rents. Many Maryland homes and other properties are subject to 99 year, perpetually renewable leases. The owners of those homes and properties must pay an annual ground rent, typically in half-yearly installments, to a “reversionary” or “ground rent” owner. A Maryland statute (Section 8-110(b) of the Real Property Article) provides that any such 99 year lease executed on or after April 9, 1884 can be “redeemed” – meaning the homeowner can eliminate the ground rent obligation by paying a statutorily prescribed sum of money to the ground rent owner. The ground rent owner is required to execute a ground rent “merger” deed to the homeowner, upon receipt of the redemption amount. This statute has been very useful in helping homeowners and other property owners eliminate the risks associated with owning property subject to a ground rent.

However, the statute was not made applicable to 99 year leases executed before April 9, 1884. Although a small minority of those pre-April 9, 1884 leases include “voluntary” redemption clauses, most did not. It was, likely, the concern of the Legislature that to make the statute retrospective would impact upon the Constitutionally protected contract rights of the ground rent owner whose lease did not contain a voluntary redemption clause. For a homeowner subject to an irredeemable ground rent, the only way to eliminate the ground rent obligation is through private negotiation and settlement with the ground rent owner.

Unfortunately, many irredeemable ground rents still survive and many homeowners would like to hold their land free of such rents. Adding to the problem is the fact that the owners of many of these ancient irredeemable rents cannot be identified so as to allow for the possible private settlement and extinguishment. Current Maryland law provides the means for extinguishing a ground rent where the ground rent owner cannot be located or identified through a process administered through the Maryland Department of Assessments and Taxation (SDAT). [Section 8- 110(g)] But that law does not apply to irredeemable ground rents.

This bill strikes a Constitutionally acceptable balance by simply requiring that an owner of an irredeemable ground rent file a notice of his or her election to preserve the irredeemability feature of the ground rent in the Land Records on or before December 31, 2010. If the owner of the irredeemable ground rent does not do so, the ground rent will be converted to a redeemable rent, which may be redeemed at a statutorily prescribed rate. The filing procedures are reasonable and would not require the ground rent owner to perform a title search or take any other extraordinary measures. Those that do file would preserve the irredeemability feature of their ground rent for an additional ten year period and would be required to file again within a six month window preceding the end of the 10 year term, and so on.

It is believed that few owners of irredeemable ground rents will file, which will then give homeowners the opportunity to redeem either with the ground rent owner or through the SDAT process. This registration type process is similar to the approach taken by the Legislature in Title 6 of the Real Property Article with respect to “reverter” deeds – meaning deeds that provide for the automatic loss and forfeiture of title from a property owner to a former owner or third party in the event that some condition or restriction is breached by the property owner. The constitutionality of Title 6, which preserves the owner’s property interests through a simple filing approach, while helping the property owner eliminate an onerous forfeiture provision, has never been successfully challenged. [The history of Title 6 and its treatment of Constitutional issues can be found in Knights & Ladies v. Board of Educ., 113 Md. App. 656 (1997).]

To conclude, this bill will fairly recognize the constitutional rights of irredeemable ground rent owners while, ultimately, providing the opportunity to redeem for many homeowners.

Respectfully submitted,  
J. Paul Rieger, Jr., Esq.  
410/752-7070

## **Suggested Amendment to HB 452 Ground Rents – Conversion of Irredeemable Ground Rents**

To clarify that when a renewal notice, (referenced on page 5 at lines 24 and 29), is filed, the ground rent owner receives an additional or “like” 10-year period immediately following the preceding 10-year period. During this 10-year renewal period, the ground rent would remain irredeemable unless another renewal notice is filed during the 6- month window preceding the termination of the particular 10-year period.

The bill as drafted refers to the renewal notice as lapsing after the expiration of “the applicable 10-year period” which could be read to mean the original 10-year period, not the subsequent “like” 10-year renewal period(s). The amendment would clarify that a renewal notice (and irredeemability status) will lapse after the expiration of any of the subsequent or “like” 10-year periods unless a subsequent renewal notice is filed within the applicable 6-month window for the given 10 year period.

No. 1 On page 5, line 29, and page 6, line 1, strike the words THE APPLICABLE and replace with A LIKE.

No. 2 On page 6, line 4 strike the word PERIOD and replace with PERIODS.

Respectfully submitted,  
J. Paul Rieger, Jr., Esq.  
410/752-7070



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## Ground Rent Reform in Maryland – Environmental Matters Committee

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Submitted by: The Greater Baltimore Board of REALTORS<sup>®</sup>, Inc.  
Contact: Carolyn Blanchard Cook, Deputy Executive Vice President, 410-337-7200 or [Carolyn@GBBR.org](mailto:Carolyn@GBBR.org)

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As the first board of REALTORS<sup>®</sup> in the nation, the Greater Baltimore Board of REALTORS<sup>®</sup>, Inc. was founded to promote ethical conduct in the real estate industry and to protect the rights of all property owners. 150 years later, GBBR's 4,700 members work hard to help people in Baltimore City and Baltimore County achieve and retain the dream of homeownership. GBBR and its members stand united in the view that Maryland's ground rent system must be reformed to protect homeowners who have worked so hard to purchase and build equity in their home but that these reforms must recognize the current property rights ground rent owners hold. Ground rents, while primarily found in Baltimore City, Baltimore County and Anne Arundel County, are located across Maryland. Sold data from MRIS revealed that in 2006, the following counties showed transactions subject to a ground rent:

### 2006 Properties Transferred Using MRIS

Source: 2006 MRIS Sold Data

County	Total Trasers	Ground Rent	Percent
Alleghany	678	4	0.59%
Anne Arundel	7,857	223	2.84%
Baltimore County	10,305	1,330	12.91%
Baltimore City	10,179	4,057	39.86%
Calvert County	1,258	9	0.72%
Caroline County	420	3	0.71%
Carroll County	2,020	14	0.69%
Cecil County	1,155	18	1.56%
Charles County	2,728	18	0.66%
Dochester County	429	7	1.63%
Frederick County	3,713	16	0.43%
Garrett County	501	4	0.80%
Harford County	3,645	46	1.26%
Howard County	4,060	25	0.62%
Kent County	256	2	0.78%
Montgomery County	13,522	41	0.30%
Prince George's County	13,110	40	0.31%
Queen Anne's County	721	4	0.55%
St. Mary's County	1,441	2	0.14%
Somerset County	52	0	0.00%
Talbot County	643	5	0.78%
Washington County	1,605	19	1.18%
Wicomico County	62	2	3.23%
Worcester County	42	0	0.00%

Somerset County had 2 transfers subject to a groundrent in 2004

Worcester County had 1 transfer subject to a groundrent in 2005

The following pages detail GBBR's comments and amendments with respect to the various ground rent bills before this Committee today.



## House Bill 452 – Ground Rents – Conversion of Irredeemable Ground Rents

### Position: Support with Amendments

HB 452 affects ground rents created prior to April 9, 1884, which are called "irredeemable" ground rents because there is no statutory provision granting the leasehold tenant the absolute right to redeem the ground rent at a stated capitalization value. However, many of these so-called "irredeemable" ground rents are in fact redeemable by the terms stipulated in the lease agreement. Additionally, these ground rents are redeemable at any time that both the ground rent owner and the leasehold tenant reach agreement on the redemption amount.

HB 452 would require that the owner of a pre-April 9, 1884 ground rent file his intent to maintain the irredeemability of the ground rent every ten years. If the ground rent owner failed to record his intent as stipulated in HB 452, the ground rent would become redeemable by right at a capitalization rate of 6%. Most ground rents were created between the years of May 16, 1882 and July 1, 1982, making them redeemable by right at 6%.

GBBR supports the desire to ensure that all ground rents, whenever created, be redeemable by right at a specified capitalization rate. Furthermore, while GBBR understands that the idea behind the registry is to retain the current right of a ground rent owner to receive a specified annual sum in perpetuity for those owners who wish to retain this right, GBBR finds the continual filing requirement to be both confusing and cumbersome. GBBR believes that a cleaner way to ensure that an owner of a pre-1884 ground rent receive a perpetual return on his investment is to make these ground rents redeemable at a capitalization rate that would return the desired amount on an annual basis. In other words, if the owner of a pre-1884 ground rent invested \$2,250 in a savings account today, that investment would yield an annual return of \$101 or 4.5%.

To that end, GBBR respectfully offers the following amendment:

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 A MULTIPLE-DWELLING UNIT.

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~~(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.~~

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(2) THE REVERSION IS REDEEMABLE:

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

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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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## House Bill 458: Ground Rents – Property Owned by Baltimore City – Reimbursement for Expenses – Notice

Position: No position

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## House Bill 463: Ground Rents – Remedy for Nonpayment of Ground Rent

Position: Support with Amendments

HB 463 eliminates the right of ejectment from the many remedies currently available to a ground rent owner in cases where the leasehold tenant has failed to pay rent and replaces it with a lien right. GBBR believes that the ejectment remedy is a particularly harsh remedy that gives a ground rent owner an unfair windfall, especially in cases where the debt owed is miniscule compared to the overall value of the property. While GBBR recognizes that an ejectment remedy may have made sense in a time when the value of the property was in fact in the land, GBBR believes this remedy is outdated in a time when it is the improvement that really brings value to the overall property.

GBBR strongly supports the elimination of the ejectment remedy and replacing it with a lien remedy. GBBR also believes that any lien must be filed in the land records so that future purchasers can be made aware of its existence, that the failure to file the lien in the land records within a certain period of time precludes enforcement of the lien and that the lien has priority over all other liens. GBBR believes that the priority issue is an important one because it is the only way to preserve the ground rent owners current priority status vis-à-vis other lien holders.

HB 463 further provides that a lien created under this section may be enforced and foreclosed upon at any time prior to the satisfaction of the lien by the leasehold tenant. This provision, however, while preserving the homeowner's equity, does not preserve his home. GBBR is concerned that homeowners who own property subject to a ground rent are currently losing both their equity and their home. To that end, GBBR suggests that the lien may not be foreclosed upon unless the value of the lien is the lesser of 20% of the assessed value of the property or \$20,000 or three years have passed since the date of final judgment. GBBR believes that these limiting criteria will ensure that the property owner has ample time to refinance or otherwise amass the funds necessary to satisfy the lien prior to the foreclosure. While some may complain that the waiting period creates an undue burden, a survey of GBBR's members who hold ground rents revealed that the overwhelming majority do not find this provision overly burdensome as they have chosen in the past to let the ground rent go dormant rather than take action that would remove the leasehold tenant from his home. Although ejectment appears to be the preferred remedy, ground rent owners currently have a variety of remedies available to them to collect back ground rent, including the right to institute a personal action against the leasehold tenant. Finally, GBBR believes that in cases where the leasehold tenant utilizes the Department of Assessment and Taxation system to pay-off the lien and in effect redeem the property, that the Department must be instructed to issue the certificate of redemption that is then filed in the land records.

To that end, GBBR respectfully suggests the following amendments:

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 OF MORTGAGES OR DEEDS OF TRUSTS ON PROPERTY IN THIS STATE CONTAINING 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 PAST GROUND RENT DUE.

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## House Bill 489: Ground Rents – Redemption

### Position: Support with Amendments

HB 489 removes the period of time that a leasehold tenant must wait prior to redeeming a ground rent created after 1982 and creates a right of first refusal in favor of the leasehold tenant in cases where the ground rent owner elects to sell his interest in the ground rent to a new owner. GBBR understands that the intent behind this proposal is to encourage leasehold tenants to purchase the ground rent at the statutory redemption rate in those cases where the ground rent owner is seeking to sell his investment. GBBR also supports efforts to encourage leasehold tenants to redeem their underlying ground rents and would like to offer the amendments set forth below as an alternative method that GBBR believes will dramatically simplify the process for the ground rent owner and provide a better incentive to the ground tenant to redeem the underlying ground rent.

In short, GBBR's proposed amendment would require the new ground rent owner to provide the leasehold tenant notice after the purchase of the underlying ground rent and an opportunity to redeem the ground rent for his purchase price plus 10%. This approach captures the discounted purchase price at which the new ground rent owner purchased the ground rent and passes these savings on to the leasehold tenant, while compensating the new ground rent owner for any transaction costs he incurred as a result of the purchase and partially compensating the new ground rent owner for the loss of any anticipated future return on investment. Additionally, by having the new ground rent owner make the notification after the purchase, the amendments take advantage of the fact that the new ground rent owner will already be sending the leasehold tenant notice of the change in ownership and change in billing address.

To that end, GBBR respectfully offers the following amendments:

No. 1 On page 2, lines 18 and 19: delete text in its entirety

No. 2 On page 3, line 2, strike OR and add new subsection (3) as follows and renumber existing subsection (3) to new subsection (4).

3. 24, WHICH IS CAPITALIZATION AT 4.5 PERCENT, IF THE LEASE WAS CREATED BEFORE APRIL 8, 1884; OR

No. 3 On pages 8, strike lines 1 through 29 and on page 9, strike lines 1 through 7 and substitute:

(1) AFTER A VOLUNTARY TRANSFER OF A REDEEMABLE GROUND RENT TO A THIRD PARTY, THE PURCHASING LANDLORD SHALL GIVE THE TENANT NOTICE OF THE TENANT'S RIGHT TO REDEEM THE GROUND RENT UNDER §8-110 OF THIS SUBTITLE AND OFFER THE TENANT THE OPPORTUNITY TO EXERCISE THE RIGHT TO REDEEM.

(2) THE NOTICE SHALL STATE:

(I) THE REDEMPTION AMOUNT CALCULATED IN ACCORDANCE WITH §8-110(B)(2) OF THIS SUBTITLE;

(II) THE AMOUNT PAID BY THE GROUND RENT PURCHASER PLUS 10%;

(III) SUBJECT TO §8-111.1 OF THIS SUBTITLE, THE AMOUNT OF BACK RENT DUE

(IV) THE ANNUAL AMOUNT OF THE GROUND RENT;

(V) WHETHER THE GROUND IS TO BE PAID ANNUALLY OR SEMI-ANNUALLY;

(VI) THE NEXT DUE DATE FOR THE GROUND RENT;

(VII) THE NAME, ADDRESS AND TELEPHONE NUMBER OF THE GROUND RENT PURCHASER; AND

(VIII) THE DATE ON WHICH THE GROUND RENT WAS ORIGINALLY CREATED.



- (3) NOTICE SHALL BE GIVEN BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, AND BY FIRST-CLASS MAIL TO THE LAST KNOWN ADDRESS OF THE TENANT AND, IF DIFFERENT, TO THE ADDRESS LISTED IN THE RECORDS OF THE STATE DEPARTMENT OF ASSESSMENT AND TAXATION.
- (B) (1) THE TENANT SHALL HAVE 30 DAYS AFTER THE DATE OF RECEIPT OF THE NOTICE TO NOTIFY THE LANDLORD OF THE TENANT'S INTENT TO EXERCISE THE RIGHT TO REDEEM.
- (2) IF THE TENANT DOES NOT RESPOND TO THE NOTICE OR NOTIFIES THE LANDLORD THAT THE TENANT WAIVES THE RIGHT TO REDEEM WITHIN 30 DAYS AFTER RECEIPT OF THE NOTICE, THE TENANT MAY ONLY REDEEM THE GROUND RENT PURSUANT §8-110.
- (C) (1) IF THE TENANT NOTIFIES THE LANDLORD WITHIN THE 30-DAY PERIOD OF THE TENANT'S INTENT TO EXERCISE THE RIGHT TO REDEEM, THE TENANT SHALL HAVE AN ADDITIONAL 30 DAYS AFTER THE DATE OF MAILING THE NOTIFICATION TO THE LANDLORD TO TENDER THE REDEMPTION AMOUNT AND ANY BACK RENT DUE.
- (2) WITHIN 30 DAYS AFTER RECEIPT OF THE REDEMPTION AMOUNT AND ANY BACK RENT DUE, THE LANDLORD SHALL PROVIDE TO THE TENANT A DEED OF REDEMPTION OF THE GROUND RENT.
- (3) UNLESS THE LANDLORD AND THE TENANT AGREE TO A LONGER TIME PERIOD, IF THE TENANT FAILS TO TENDER THE REDEMPTION AMOUNT AND ANY BACK RENT DUE WITHIN 30 DAYS AFTER THE DATE OF MAILING THE NOTIFICATION OF INTENT TO REDEEM TO THE LANDLORD, THE TENANT MAY ONLY REDEEM THE GROUND RENT PURSUANT §8-110.

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## House Bill 502: Ground Rents – Notices Regarding Ground Leases

### Position: Support with Amendments

HB 502 imposes a requirement on the leasehold tenant to notify the ground rent owner within 30 days of any change in address of the tenant. HB 502 also requires that no later than 60 days prior to an annual or semi-annual ground rent payment being due that the ground rent owner send to the leasehold tenant a notice stating the dollar amount of the ground rent, when it is due and the name, address and telephone number of the ground rent owner. HB 502 requires a similar notice be included in the contract for the sale of real property subject to a ground rent. GBBR supports the requirement that the leasehold tenant notify the ground rent owner upon the change of address as many ejectment cases are the result of a leasehold tenant not informing the ground rent owner of the current mailing address for the tenant. GBBR also supports the requirement that notice be given to the leasehold tenant prior to an installment being due that informs the tenant of where to send the required payment. GBBR also recommends that both the date the ground rent was created and the calculated redemption amount be included in this notice. Both of these pieces of information are readily available to the ground rent owner and would facilitate a leasehold tenant in making an informed decision as to whether redeeming or continuing the annual rent is in his best financial interests. The proposed notice to be required in the contract of sale is problematic for the seller for a number of reasons, primarily the seller may not have the information that must be provided. In other words, if the ground rent is dormant, the seller may not know the current address of the ground rent owner or the due dates for the installments.

To that end, GBBR respectfully offers the following amendments:

No. 1 On page 3, after line 25 insert:

THIS GROUND RENT WAS CREATED ON (DAY, MONTH AND YEAR GROUND RENT WAS CREATED) AND MAY REDEEMED FOR THE SUM OF \$(USE THE LESSER OF THE REDEMPTION AMOUNT PROVIDED BY THE UNDERLYING GROUND LEASE OR REAL PROPERTY SECTION 8-110).

No. 2 On page 4, line 33, and on page 5, line 7, strike the brackets.

No. 3 On page 5, line 8 through page 6, line 19, strike in its entirety.

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## House Bill 580: Real Property – Limitation of Actions – Registry of Ground Leases

### Position: Support with Amendments

HB 580 provides that anytime there is no demand or payment for rent for more than three consecutive years, the underlying ground rent is automatically extinguished. The bill does make allowances for cases where the ground rent owner is under a disability. HB 580 further sets up a registry system through the Department of Assessment and



Taxation for all ground rents and requires ground rent owners to register their ground rents for a fee of \$20 each before September 30, 2010. Failure to register by that date would again extinguish the underlying ground rent. GBBR is concerned at using three years as the trigger for extinguishing the underlying ground rent as this seems to confuse a statute of limitations approach found in contract and tort cases with the historic standard of 20 years prior to the extinguishment of a property right. To be clear, a ground rent is a property right, albeit a future contingent interest in the underlying ground. As a property right, a ground owner should be entitled to a full 20 years before he has been deemed to have abandoned his rights under law.

GBBR supports the concept of a registry system provided that everyone is clear that a self-reporting registry, by its nature, can never be 100% up to date or 100% correct. To that end, the law must be clear about the extent to which a party may rely on the registry as a source of information. Additionally, while GBBR makes no specific comment as to the per ground rent registration fee, GBBR strongly believes that the fee should be a percentage of the ground rent itself and that there should be a maximum amount that any one ground rent owner should be forced to pay to register his ground rents. In this respect, a ground rent owner is neither paying more to register the ground rent than what he gets in annual rent and the large ground rent owners who rely on their annual rents as the primary source of their income are not unfairly deprived of needed living income during the year of registration.

Finally, GBBR recognizes that a penalty must be imposed for those ground rent owners who fail to register with the registry. HB 580 would provide for the automatic extinguishment of the ground rent but only in cases where no legal disability prevented the ground rent owner from complying with the registration provision. GBBR is concerned as to how this penalty could be imposed without inadvertent mistakes being made. GBBR is also concerned that the proposed penalty may rise to the level of a constitutional taking that would require just compensation by the state at the taxpayer's expense. In an effort to avoid the complexities and uncertainties created in HB 580, GBBR suggests that the ground rent owner be denied the ability to bring an action against the leasehold tenant for failure to pay rent for a period of one year after the date of registration.

To that end, GBBR respectfully suggests the following amendments:

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.

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## **House Bill 1125: Real Property – Contract for Sale – Notice of Option to Redeem Ground Rent**

### **Position: Oppose**

HB 1125 would require a notice in a contract of sale of real property subject to a redeemable ground rent information relating to the redemption. HB 1125 is unclear as to whether it is requiring that the language of §8-110 be restated in the contract of sale or if the seller must chose the appropriate redemption amount based on the creation date. If it is the former, repeating the language of §8-110, while informative, will offer little substantive value to the purchaser since the actual redemption amount is dependent on the creation date of the ground rent. If the seller is being asked to provide the actual redemption amount, many sellers will face the very real problem of being unable to comply as they will not necessarily know the creation date. Determining the creation date of a ground rent requires either obtaining a copy of the original deed creating the ground rent or paying for a title search to obtain the date. GBBR believes that the current disclosures regarding ground rents are sufficient and that HB 1125 is unnecessary, especially in light of the myriad of other reforms being discussed.

To that end, GBBR respectfully requests an unfavorable report on HB 1125.

**REGIONAL  
MANAGEMENT  
INC.**

**REGIONAL MANAGEMENT, INC.'S (RMI)  
COMMENTS ON GROUND RENT BILLS**

**HB 452/SB397: CONVERSION OF IRREDEEMABLE GROUND  
RENTS**

**Problem:** Definition of "Residential" does not conform to the definition currently in use in the ground rent statute. Large multiple family apartment developments are commercial properties for purposes of ground leases without clarifying language the definition is unclear.

**Solution:** Page 3 under (H) include the following language:

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 a multiple -dwelling unit.

**HB 458/SB 755: PROPERTY OWNED BY BALTIMORE CITY-  
EXPENSES-Vacant and Abandoned Property**

**Problem:** Implies that the reversionary interest holder has a duty to retrieve the property from disaster when no such obligation exists. The City gets the land at a windfall by waiting for the property to become distressed or abandoned and then getting the property for little or no investment.

**Solution:**

- Make the City redeem for the statutory redemption rate
- Limit the recovery to 3 years back ground rent where the reversionary interest holder proves that they have made attempts to collect throughout the three previous 3 years.

## **HB 463/SB 396: REMEDY FOR NONPAYMENT OF GROUND RENT**

**Problem: Subordination of Ground Rent behind Mortgage and making costs of collection unrecoverable makes Ground Rent Worthless.**

When mortgage is in default bank can foreclose within 3 months. Ground rent owner must wait 6-12 months before they can begin to perfect debt/lien by which time the property is sold with out the delinquent ground rent being noticed.

**Solution: Keep Ground Rents Collectable as Priority Property Right**

- Institute a Ground Rent Master or Ombudsman system to monitor Ground Rent Ejectment cases from the date of filing.
- Make ground rent collection a personal judgement collection process.
- Mandate that all mortgage bankers escrow for and pay ground rents

## **HB 489/SB623- GROUND RENTS-REDEMPTION**

**General comments:** Bill takes reasonable approach to solution of actual problems. Ending the waiting period for redemption after sale is good.

**Problem: Right of First Refusal-Timing of Notice**

There is no advantage to notice prior to sale because ground lessee always can redeem. If notice is a prerequisite to sale the sale may be unreasonably held up while the notices go out, responses are awaited, and a redeeming ground lessee's deeds are prepared and payments clear.

**Solution:**

- 1) Change Notice to ground lessee of right to redeem from **before the sale** of the ground rent **to within 30 days after the sale**. Buyers of ground leases notify ground lessees of the change in ownership of the ground rent anyway, so the notice of right to redeem should be included with that notice.
- 2) Clarify that the costs of deed preparation, recording, etc. are the obligation of the ground lessee unless otherwise negotiated between the ground lessor and ground lessee. (option to negotiate for this could be included in the notice)

3) Redemption price should remain as stated under current law and include back ground rent with the 3 year limitation. Bulk sale price is not the price that ground lessee must pay since it reflects the buyer's risk of a mix of good and bad investments.

4) Require title companies to notify mortgage companies of the ground rent **when it is found** and mandate that mortgage company add the redemption amount to the mortgage at buyer/ground lessee's request or if it is disclosed at settlement, the buyer/ground lessee should be allowed to delay settlement in order to allow for an additional amount for the redemption price to be added to the current mortgage amount.

5) Send redemption right notice with every ground rent bill, every refinancing solicitation and application, every water bill, every Tax Assessment and Real Property Tax bill, all BGE bills and any other governmental notice sent to Maryland homeowners.

### **HB 502/SB398- Notices Regarding Ground Rents**

General Comments: A balanced Bill designed to raise awareness of Ground Lessees and assist them to successfully manage their responsibilities.

#### **Changes:**

- "Landlord" should include a manager of the ground Lessor's property
- Page 3, Lines 26-28 Notice should include the name and address of Manager for Ground Lessor if applicable.
- Page 4 Lines 19-20 and lines 28-30: Notice should include contact with SDAT for information on redemption as well as contact with attorney.
- Page 5 Lines 18-20 and 23-26 should include management company information
- The same notice required in a sales contract should be required to be sent with all Ground Rent Bills, all applications for mortgages, all refinancing applications, and title reports produced by Title Companies.



## **HB 580/SB622-Limitations of Actions-Registry of Ground Rents**

### **Problem:**

- 1) The registration system is duplicitous of current land records system.
- 2) The Bill's extinguishment provisions constitute a taking despite the opinion expressed by the Assistant Attorney General. The change from tracking Maryland's 20 year limitation for adverse possession of a real property interest to a contractual limitation of 3 years is such a drastic change in the property rights of reversionary interest holders (ground lessors) as to make it a taking.
- 3) The fiscal impact of the \$20 per ground rent registration fee is so disproportionate to the investment interest of the ground lessor that it is not only punitive, but is also an unreasonable governmental condition on the retention of the ground lessor's property right, thus making it a taking.
- 4) Registration provisions must be modified in order not to be duplicative of current property recordation system and to be over burdensome both to property owners and to SDAT and should include provision for managers of ground rents. Requirements should not be open-ended.

### **Solution:**

- 1) Retain the current 20 year extinguishment provision; retain current 3 year limitation on collectable back ground rent.
- 2) Registration provisions kick in at the first delinquency notice required to be filed under current law. Proof of registration required to accompany any notice of delinquency or Complaint filed for the collection of back rent either through civil judgement action or Ejectment actions. This will result in SDAT having information that any ground lessee can find once they receive initial notice of default and enable them to confirm the proper ground lessor to make payment to.
- 3) Registration of a Ground Rent as outlined above creates a rebuttable presumption that the amount of rent in the delinquent notice or suit is in fact owed by the ground lessee.
- 4) Add to Page5, line 14- "or manager of ground rent"  
Delete Page 5, line 15 -requirement number 3  
Add to Page 5, line 18-19 person "or manager of ground rent"  
Delete page 5 line 22 no need for deed





# EDITORIAL

## THE SUN



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### Just getting started

**S**TATE LAWMAKERS STRUCK THE first blow against the abuse of ground rents last week by unanimously approving legislation to ban the creation of any more of them. That's a welcome development, but it's a modest start toward the needed reforms. Banning their creation won't put an immediate end to the seizures and outrageous fees that have plagued hundreds of homeowners in recent years.

As *Sun* reporters Fred Schulte and June Arney documented last year, a person can lose a home over as little as \$24 in back rent. Ground rents can no longer be viewed as Baltimore's benign little real estate eccentricity. Certain investors have wielded their right of seizure like modern-day Simon Legrees, taking the opportunity to extract far more money than they are owed.

This week, the House Environmental Matters Committee, chaired by Baltimore Del. Maggie L. McIntosh, will take up a host of bills aimed at correcting the system. One would make it easier for homeowners to find out how to contact ground rent owners; another would make it easier for property owners to purchase their ground rent (and for new owners at least to know they have that option).

would end the practice known as ejection. It would mean the holder of a ground rent could no longer so easily take someone's home — or be reimbursed for an outrageous amount in legal fees and expenses.

That addresses the root of the problem, and it's going to be far more controversial than the legislation the House and Senate approved last week. Instead of ejection, ground rent owners would have the right to establish a lien against a property. The process would be supervised by the courts, and a judge would have a say over the proper remedies for nonpayment — whether, for instance, legal fees should be collected.

Admittedly, this will require a balanced approach. Legislators have to be careful to preserve the legitimate rights of investors. It would be unfortunate if, in protecting homeowners, lawmakers made it so difficult to collect ground rents that the value of those investments plummeted. That's merely trading one set of victims for another.

But that leaves plenty of room for a thoughtful compromise, assuming legislators hold to this fundamental goal: Unpaid ground rents should never again cause homeowners to lose their rightful equity. It's fine to make sure debts are paid, but it's time to take the potential for windfall profits out of the business of ground rents.

### Rehab behind bars

Jeffrey...

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### Proton isn't

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513 MILTON AVE.  
TRANSACTION TIMELINE AND  
PAYMENT HISTORY

DATE	EVENT	AMOUNT DUE	AMOUNT PAID	PAID BY
08/27/87	Walter Warchold conveys leasehold to Mary Onheiser, retaining a life estate			
03/10/88	Date of Death of Walter Warchold and by operation of law property becomes that of Mary Onheiser			
??/??/1988	Leasehold interest conveyed by Assignment from Mary Onheiser to herself and Joseph Onheiser as tenants by the entireties			
11/27/95	Date of Death of Mary Onheiser			
05/18/96	Date of Death of Joseph Onheiser			
2001-2003	Real Property Taxes of \$5,349.76, unpaid water bills of \$1020.09 and City Attorney's fee of \$30.00 billed to Onheiser's by City of Baltimore	\$6,399.85	\$0.00	
July, 2004	Ground Rent conveyed by deed to Neighbor Saver, LLC (NSLLC)			
07/21/04	NSLLC records Ground Rent Deed (Lien Sheet \$55.00,			
	Property Taxes <b>Paid to City of Baltimore</b>	\$6,399.85	\$6,399.85	<b>NSLLC</b>
	Interest on unpaid property taxes <b>Paid to City of Baltimore</b>	\$252.49	\$252.49	<b>NSLLC</b>
08/23/04	NSLLC sends bill to Joseph and Mary Onheiser, the owners of record for taxes, interest paid in order to record deed and for unpaid ground rent due April 2004 (\$12.00)	\$6,664.34	\$0.00	
09/28/04	NSLLC sends second bill via Certified Mail to Joseph and Mary Onheiser, for unpaid previous charges (\$6,652.34) plus attorney's fee (\$250.00) and title search fee (\$250.00). Vernon Onheiser signed for letter on 10/04/2004	\$7,169.34	\$0.00	
10/??/2004	Ground Rent	\$12.00		
11/16/04	Complaint in Ejectment Filed	\$125.00	\$125.00	<b>NSLLC</b>

513 MILTON AVE.  
TRANSACTION TIMELINE AND  
PAYMENT HISTORY

DATE	EVENT	AMOUNT DUE	AMOUNT PAID	PAID BY
12/12/04	Complaint in Ejectment served on Vernon Onheiser as son of Mary , who acknowledged that son and Mary reside at address; Vernon also signed for certified mail deliveryof papers	\$58.00	\$58.00	<b>NSLLC</b>
12/12/04	Complaint in Ejectment served on Vernon Onheiser as son of Joseph, who acknowledged that son and Joseph reside at address;Vernon also signed for certified mail delivery of papers			
03/24/05	Motion to Post Property is filed			
6/??/2005	Property Taxes 2004-2006 <b>Paid to City of Baltimore</b>	\$6,202.27	\$6,202.27	<b>NSLLC</b>
06/??/2005	Water Bill <b>Paid to City of Baltimore</b>	\$52.31	\$52.31	<b>NSLLC</b>
07/12/05	Motion to Post Property signed by Court			
08/19/05	Court House Door (public place) posted by Sheriff			
09/22/05	Notice Sent by counsel via Certified Mail separately to Joseph and Mary Onheiser and returned with word "DECEASED" on each			
11/02/05	Request for Order of Default In Ejectment because no answer to suit filed.			
11/15/05	Order of Default In Ejectment signed by Court			
11/18/05	Notice of Default Order sent by Clerk Frank Conaway separately to Mary and Joseph Onheiser			
12/23/05	Letter to Clerk requesting entry of Judgment with form, sent by NSLLC			
03/14/06	Entry of Judgment by default entered by Court			
09/22/06	Petition for Writ for Possession filed by NSLLC; Notice to residents mailed to 513 Milton Ave.			

513 MILTON AVE.  
TRANSACTION TIMELINE AND  
PAYMENT HISTORY

DATE	EVENT	AMOUNT DUE	AMOUNT PAID	PAID BY
10/11/06	Writ for Possession issued by Clerk Frank Conaway (Filing fee \$25.00 and Sheriff's fee \$60.00 for initial case service and this case)	\$85.00	\$85.00	<b>NSLLC</b>
10/24/06	Writ Served directing occupants to vacate by Dec. 15, 2006			
12/14/06	Eviction Stayed by NSLLC			
12/18/06	Payment of Redemption (Includes 2005 and 2006 ground rent, lein sheet fee charged by City of Baltimore and attorneys fees: Kenny attorney's fee as allowed by statute \$1200.00, Denick attorney's fee \$3,000.00 necessitated by intervention of unrelated parties.	\$17,824.92		Onheiser

# ENVIRONMENTAL MATTERS COMMITTEE

Date 2/22/07

PRO (for)  
FWA (fav. with amend.)  
OPP (against)

(PLEASE PRINT CLEARLY)

	Name	Address	Phone	Representing	PRO	FWA	OPP
<del>1</del>	<del>D. Rosenberg</del>	<del>Judiciary</del>	<del>3297</del>	<del>Judiciary</del>	<input checked="" type="checkbox"/>		
<del>2</del>	<del>Gary R. Alexander</del>	<del>Alexander &amp; Cleaver</del>	<del>410-474-9000</del>	<del>GRD Coalition</del>		<input checked="" type="checkbox"/>	
<del>3</del>	<del>R. Marc Goldberg</del>			<del>Ridge Title</del>		<input checked="" type="checkbox"/>	
<del>4</del>	<del>CAROLYN COOK BILL CASILLE } PANEL</del>	<del>6332/ MARZ</del>	<del>410 337 7200 410 341 6080</del>	<del>ReCHORS</del>		<input checked="" type="checkbox"/>	
<del>5</del>	<del>Lee Hudson (written only)</del>	<del>41 State Circle 21901</del>	<del>410-268-4122</del>	<del>Lutheran Office</del>	<input checked="" type="checkbox"/>		
<del>6</del>	<del>Bill Hatcher Jim Cosgrove</del>	<del>27 MD Ave Annap. MD 21401</del>	<del>410-268-0842</del>	<del>MD Land Title ASSOC</del>	<input checked="" type="checkbox"/>		
<del>7</del>	<del>PAUL GRAZIANO</del>	<del>88 state circle</del>	<del>410 267 0207</del>	<del>Balto city House</del>	<input checked="" type="checkbox"/>		
<del>8</del>	<del>Bill Bungee</del>	<del>1</del>	<del>1</del>	<del>1</del>	<input checked="" type="checkbox"/>		
<del>9</del>	<del>Paul Rieger</del>	<del>31 Light St. Sk 500 Baltimore, Md 21202</del>	<del>410 752-7070</del>	<del>Self</del>	<input checked="" type="checkbox"/>		
<del>10</del>	<del>Joseph Bryce</del>	<del>State House</del>	<del>410-974-3336</del>	<del>Governors office</del>	<input checked="" type="checkbox"/>		

Panel

Panel

Panel

Panel

# ENVIRONMENTAL MATTERS COMMITTEE

Date 2/22/07

PRO (for)  
 FWA (fav. with amend.)  
 OPP (against)

(PLEASE PRINT CLEARLY)

	Name	Address	Phone	Representing	PRO	FWA	OPP
1	Kathleen K. Howard	11 E. Fayette St Baltimore Md 21202	410-539- 2370	Regional Manager in		✓	
2	Charles Muskin	1906 Martins Cove Ct Annapolis MD 21409	410.349.9599	self			✓
3							
4							
5							
6							
7							
8							
9							
10							



**Environmental Matters Committee  
VOTING RECORD  
2007**

H.B. 452 H.J.R. \_\_\_\_\_ S.B. \_\_\_\_\_ S.J.R. \_\_\_\_\_ DATE: 3/14/07

MOTION: FAVORABLE  AMENDED  WITHDRAWN: \_\_\_\_\_  
 NO MOTION \_\_\_\_\_ RE-REFER TO \_\_\_\_\_

	YEAS	NAYS	ABSTAIN/ EXCUSED	ABSENT
Maggie McIntosh, Chairman				
James F. Malone, Jr., Vice Chairman				
Rudolph L. Cane				
Elizabeth Bobo				
Anne Healey				
Paul S. Stull				
Anthony J. O'Donnell				
Doyle L. Niemann				
Joseph C. Boteler, III				
Tanya Thornton Shewell			EX	
Stephen W. Lafferty				
Pamela G. Beidle				
Saqib Ali				
Dana M. Stein				
Cheryl D. Glenn				
Tom Hucker				
Richard A. Sossi			EX	
Michael H. Weir, Jr.			EX	
Barry Glassman			EX	
Jane Lawton				
Marvin Holmes				
Virginia Clagett				
Barbara Frush				
12 Affirmative Votes Needed To Pass				
<b>TOTAL</b>	<b>18</b>		<b>4</b>	

*Beverly A. Buchheister*  
 COMMITTEE REPORTER