

GROUND RENT REFORM PLAN SET

Measures to be unveiled today include expanded options for homeowners to buy out the leases

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[SUN REPORTERS]

Lawmakers will join Gov. Martin O'Malley today to unveil a ground rent reform package that would make sweeping changes to the arcane system by preventing home seizures, tightening notification requirements and expanding homeowners' options for buying out ground leases.

Officials plan to gather at the Canton home of a family that nearly lost its home days before Christmas over what began as a \$24 ground rent debt.

"We heard the cry, and we responded," said Sen. Lisa A. Gladden, a Baltimore Democrat. "We're going to change 200 years of history. It's phenomenal."

The sweeping initiative follows an investigative series in *The Sun* in December that documented how a few of the largest ground rent owners in Maryland have used state laws rooted in Colonial practices to seize homes or charge homeowners thousands of dollars in fees over delinquent bills as small as \$24. Baltimore judges awarded ground rent owners homes at least 521 times between 2000 and the end of March, the newspaper found by analyzing court computer data and studying hundreds of case files.

Emergency legislation to prohibit the creation of new ground rents has been introduced and discussed in the Senate. The new bills would overhaul a court process called ejectment, in which ground rent owners sue to seize the property of homeowners. Instead of being able to take the property, ground rent owners could seek court approval only to impose a lien equal to the amount of rent due. Interest charges would accumulate each year the debt isn't paid.

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Proposal for ground rent reform to be unveiled

GROUND RENT [From Page 1A]

Ground rent owners intending to seek a lien would have to notify homeowners, who would then have 45 days to challenge it in court.

Other reform measures would:

- Compel ground rent owners to register the holdings with the state Department of Assessment and Taxation at a cost of \$20 each for posting on the department's Web site. Any ground leases not registered by September 2010 would be extinguished.

- Require the state Department of Housing and Community Development to study the feasibility of setting up a state program to help low-income people obtain loans to buy out their ground rents.

- Prevent ground rent holders from selling leases without first giving homeowners a chance to

buy them. Similarly, settlement agents would be required to notify new home-buyers of their right to pay it off.

"It is fundamentally unfair and unjust for families to lose their homes over small fees that they may or may not know about," said O'Malley spokesman Rick Abbruzzese. "This package of legislation addresses this antiquated law."

It was not immediately clear how the legislation would limit legal fees and other charges that ground rent holders can now collect.

Many provisions are designed to help homeowners — and new home-buyers — navigate the complex and often confusing process. Most ground rents can be redeemed by paying the owner using a formula set by state law. For instance, a \$96 annual ground rent is valued at \$1,600, though

PROPOSALS

Ground rent measures would:

- Bar home seizures
- Require registration of ground rents
- Expand options to buy out rents

many investors buy them at lower rates. But homeowners don't always find out about their rights or obligations.

"Property owners in the Baltimore metropolitan area and other parts of the state will have better protection, better understanding and better opportunity to buy their own ground rent," said Del. Maggie L. McIntosh, chairwoman of the House Environmental Matters Committee.

Nevertheless, she is braced for a tough fight. "I think there's going to be fierce opposition," she said.

The legislation also defines the rights of ground rent owners. Homeowners, for example, would have to notify ground rent own-

ers of any change in billing address, as well as when they transfer ownership of the property.

Ground rent lobbyist Gary Alexander said he expected a "host of recommendations" from legislators but wouldn't comment until he sees specific bills.

"We don't want to comment prematurely on something we haven't taken a look at," he said.

Jay A. Dackman, an attorney who frequently files ground rent lawsuits, said ejectments assure that ground rent owners receive the money due them.

"I'm not sure it's fair to the ground rent owner to have to wait to get paid," he said, referring to the lien system proposed by legislators. "I suppose you could say it's just the cost of doing business. But it could be years."

Katherine Kelly Howard, general counsel for Regional Management Inc., which manages ground rents and residential properties in the area, said lawmakers should look carefully at a wide variety of proposals.

"The more ideas, the merrier," she said. "Everybody is looking for a solution to this."

But state Sen. George W. Della Jr., a Baltimore Democrat, said he opposes any effort to slow reform.

"What are we going to do, sit back and study the thing while people are being taken advantage of?" he said.

Lawmakers, O'Malley, Baltimore Mayor Sheila Dixon and others will lay out their plans today at the South Milton Avenue home of Vernon Onheiser.

Onheiser, the father of two teenage sons, faced the loss of his home in December over a ground rent debt. The matter was resolved when City Councilman James B. Kraft intervened, and Onheiser's sister wrote a check for nearly \$18,000 to satisfy the debt — most of it for legal fees and other costs.

Onheiser said he was pleased that officials chose his home to start their ground rent initiative.

"I'm just glad they're following through on this," he said.

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