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February 4, 2020

To: The Honorable Kumar Barve  
Chair, Environment and Transportation Committee

From: Steven M. Sakamoto-Wengel   
Consumer Protection Counsel for Regulation, Legislation and Policy

Re: House Bill 241 – Real Property - Ground Leases – Past Due Ground Rent (SUPPORT)

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The Consumer Protection Division of the Office of the Attorney General supports House Bill 241 sponsored by Delegate Holmes. The bill would prohibit a ground lease holder from bringing an action to collect ground rent from the current leasehold tenant that was due and owing before the current tenant acquired the property if the ground lease was not properly registered at the time the ground rent accrued. House Bill 241 is consistent with a long line of cases in Maryland that prohibit someone who is required to be licensed but isn't from using the courts to collect payment for the activity for which the license was required. *See, e.g., Golt v. Phillips*, 308 Md. 1 (1986).

House Bill 241 will both provide an incentive for a ground lease holder to comply with the registration requirement established by the General Assembly in Chapter 290 of the 2007 session and ensure that a new tenant will not be held responsible for past due ground rent payments that predated the tenant's acquisition of the property if the ground lease holder was not registered at the time those payments accrued. Accordingly, the Consumer Protection Division requests that the Environment and Transportation Committee return a favorable report on House Bill 241.

cc: The Honorable Marvin Holmes  
Members, Environment and Transportation Committee

