



Senate Bill 194 – Ground Leases – Notices and Billing -Forms and Requirements

Position: Support

The Maryland REALTORS® is one of the largest trade associations in Maryland with over 30,000 real estate licensees. The REALTORS® support SB 194 which clarifies ground rent law regarding the holding of escrows, notice of ground rent billing and transfers and that State Department of Assessments and Taxation (SDAT) goal is to help property owners redeem ground rents.

Currently Maryland law requires ground rent holders to register their ground rent and notify a leasehold tenant of their identify and how to pay the ground rent. Current Maryland law also limits the liability of a leasehold tenant to no more than 3 years' worth of past due ground rent payments. As a result, when a ground rent is unregistered a leasehold tenant is sometimes required to escrow three years' worth of ground rent payment to satisfy a ground rent owner who wants to be reimbursed for missed payments.

SB 194 would ensure that a leasehold tenant may not be required to escrow more than 3 years' worth of ground rent for the unregistered ground lease. The bill also clarifies the type of notice that is required when a ground rent holder sends a bill or a transfer notice to the leasehold tenant ensuring that if the leasehold tenant is not at the property address of the ground rent, the leasehold tenant will still receive the bill or notice of sale. Finally, the bill sets out a state policy for SDAT encouraging the redemption of ground rents to merge the ownership of the underlying property with the property interest of the leasehold tenant.

The REALTORS® recommend a favorable report.

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