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February 8, 2023

To: The Honorable William C. Smith  
Chair, Judicial Proceedings Committee

From: Kira Wilpone-Welborn, Assistant Attorney General  
Consumer Protection Division

Re: Senate Bill 194 – Ground Leases – Notices and Billing – Forms and Requirements  
(SUPPORT)

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The Consumer Protection Division of the Office of the Attorney General (the "Division") supports Senate Bill 194 sponsored by Senators Sydnor and Hayes as it provides important procedural protections for ground rent tenants prior to the initiation of a possession action. Specifically, Senate Bill 194 requires the State Department of Assessment and Taxation to create a uniform notice of delinquency that ground rent holders are required to send tenants at their last known address and the premise address no less than 60 and 30 days prior to pursuing an action for possession of the premises. Moreover, ground rent holders may not require ground rent tenants to reimburse them the cost of these delinquency notices and mailings. Finally, Senate Bill 194 prohibits unregistered ground rent holders from requiring ground rent tenants to maintain more than three (3) years of ground rents in escrow, which is the maximum amount of unregistered and unpaid ground rents ground rent holders are permitted to collect.

The procedural protections provided by Senate Bill 194 ensure that ground rent tenants are provided the opportunity to pay and cure any alleged ground rent delinquency prior to the harsh penalty of the repossession of the premises. As such, Senate Bill 194 provides a fair balancing of ground rent tenants' possession of the premises while ensuring ground rent holders are permitted to collect owed ground rents.

The Division requests that the Judicial Proceedings Committee give Senate Bill 194 a favorable report.

cc: The Honorable Charles E. Sydnor, III  
The Honorable Antonio Hayes  
Members, Judicial Proceedings Committee