

# HOUSE BILL 1420

N1

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By: **Delegates Taylor, Ali, Benson, Bronrott, Hubbard, King, Kipke, and Schuler**

Introduced and read first time: February 8, 2008

Assigned to: Environmental Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Condominiums – Liens – Submission of Disputes**

3 FOR the purpose of providing that a certain notice shall notify the unit owner that a  
4 certain assessment payment may be a lien on the unit under certain  
5 circumstances; prohibiting a condominium from imposing a lien on a unit for  
6 certain assessments, interest, late charges, costs of collection, or reasonable  
7 attorney's fees while a certain dispute is pending; providing that a unit owner  
8 may dispute the validity or amount of certain assessments, interest, late  
9 charges, costs of collection, or reasonable attorney's fees assessed against a unit  
10 by submitting the dispute to the Consumer Protection Division of the Office of  
11 the Attorney General; making certain stylistic changes; and generally relating  
12 to submission of disputes regarding assessments, interest, late charges, costs of  
13 collection, or reasonable attorney's fees.

14 BY repealing and reenacting, with amendments,  
15 Article – Real Property  
16 Section 11–110  
17 Annotated Code of Maryland  
18 (2003 Replacement Volume and 2007 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article – Real Property**

22 11–110.

23 (a) All common profits shall be disbursed to the unit owners, be credited to  
24 their assessments for common expenses in proportion to their percentage interests in

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 common profits and common expenses, or be used for any other purpose as the council  
2 of unit owners decides.

3 (b) (1) Funds for the payment of current common expenses and for the  
4 creation of reserves for the payment of future common expenses shall be obtained by  
5 assessments against the unit owners in proportion to their percentage interests in  
6 common expenses and common profits.

7 (2) (i) Where provided in the declaration or the bylaws, charges for  
8 utility services may be assessed and collected on the basis of usage rather than on the  
9 basis of percentage interests.

10 (ii) If provided by the declaration, assessments for expenses  
11 related to maintenance of the limited common elements may be charged to the unit  
12 owner or owners who are given the exclusive right to use the limited common  
13 elements.

14 (iii) Assessments for charges under this paragraph may be  
15 enforced in the same manner as assessments for common expenses.

16 (c) (1) A unit owner shall be liable for all assessments, or installments  
17 thereof, coming due while he is the owner of a unit.

18 (2) In a voluntary grant the grantee shall be jointly and severally  
19 liable with the grantor for all unpaid assessments against the grantor for his share of  
20 the common expenses up to the time of the voluntary grant for which a statement of  
21 lien is recorded, without prejudice to the rights of the grantee to recover from the  
22 grantor the amounts paid by the grantee for such assessments.

23 (3) Liability for assessments may not be avoided by waiver of the use  
24 or enjoyment of any common element or by abandonment of the unit for which the  
25 assessments are made.

26 (d) (1) [Payment] **SUBJECT TO SUBSECTION (F) OF THIS SECTION,**  
27 **PAYMENT** of assessments, together with interest, late charges, if any, costs of  
28 collection and reasonable attorney's fees may be enforced by the imposition of a lien on  
29 a unit in accordance with the provisions of the Maryland Contract Lien Act.

30 (2) Suit for any deficiency following foreclosure may be maintained in  
31 the same proceeding, and suit to recover any money judgment for unpaid assessments  
32 may also be maintained in the same proceeding, without waiving the right to seek to  
33 impose a lien under the Maryland Contract Lien Act.

34 (e) (1) Any assessment, or installment thereof, not paid when due shall  
35 bear interest, at the option of the council of unit owners, from the date when due until  
36 paid at the rate provided in the bylaws, not exceeding 18 percent per annum, and if no  
37 rate is provided, then at 18 percent per annum.

1           (2)    The bylaws also may provide for a late charge of \$15 or one tenth  
2 of the total amount of any delinquent assessment or installment, whichever is greater,  
3 provided the charge may not be imposed more than once for the same delinquent  
4 payment and may only be imposed if the delinquency has continued for at least 15  
5 calendar days.

6           (3)    (I)    If the declaration or bylaws provide for an annual  
7 assessment payable in regular installments, the declaration or bylaws may further  
8 provide that if a unit owner fails to pay an installment when due, the council of unit  
9 owners may demand payment of the remaining annual assessment coming due within  
10 that fiscal year.

11                   (II)   A demand by the council is not enforceable unless the  
12 council, within 15 days of a unit owner's failure to pay an installment, notifies the unit  
13 owner that if the unit owner fails to pay the monthly installment within 15 days of the  
14 notice, full payment of the remaining annual assessment will then be due and [shall]  
15 **MAY** constitute a lien on the unit as provided in this section.

16           **(F)   (1)    A LIEN MAY NOT BE IMPOSED ON A UNIT UNDER THIS SECTION**  
17 **WHILE A DISPUTE OVER THE VALIDITY OR AMOUNT OF ASSESSMENTS,**  
18 **INTEREST, LATE CHARGES, COSTS OF COLLECTION, OR REASONABLE**  
19 **ATTORNEY'S FEES IS PENDING UNDER THIS SUBSECTION.**

20                   **(2)    A UNIT OWNER MAY DISPUTE THE VALIDITY OR AMOUNT OF**  
21 **ASSESSMENTS, INTEREST, LATE CHARGES, COSTS OF COLLECTION, OR**  
22 **REASONABLE ATTORNEY'S FEES ASSESSED AGAINST A UNIT UNDER THIS**  
23 **SECTION BY SUBMITTING THE DISPUTE TO THE CONSUMER PROTECTION**  
24 **DIVISION OF THE OFFICE OF THE ATTORNEY GENERAL.**

25           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
26 October 1, 2008.