

HOUSE BILL 602

N1

4lr1671

By: **Delegate Niemann**

Introduced and read first time: January 30, 2014

Assigned to: Environmental Matters

Committee Report: Favorable

House action: Adopted

Read second time: March 3, 2014

CHAPTER _____

1 AN ACT concerning

2 **Real Property – Common Ownership Communities – Foreclosure of Liens**

3 FOR the purpose of altering the types of damages for which the governing body of a
4 common ownership community may foreclose on a lien for delinquent
5 assessments against a unit owner or lot owner under certain circumstances;
6 providing for the application of this Act; and generally relating to the
7 foreclosure of liens by common ownership communities.

8 BY repealing and reenacting, with amendments,
9 Article – Real Property
10 Section 14–204
11 Annotated Code of Maryland
12 (2010 Replacement Volume and 2013 Supplement)

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

15 **Article – Real Property**

16 14–204.

17 (a) Except as provided in subsection (d) of this section, a lien may be enforced
18 and foreclosed by the party who obtained the lien in the same manner, and subject to
19 the same requirements, as the foreclosure of mortgages or deeds of trust on property
20 in this State containing a power of sale or an assent to a decree.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (b) If the owner of property subject to a lien is personally liable for alleged
2 damages, suit for any deficiency following foreclosure may be maintained in the same
3 proceeding, and suit for a monetary judgment for unpaid damages may be maintained
4 without waiving any lien securing the same.

5 (c) Any action to foreclose a lien shall be brought within 12 years following
6 recordation of the statement of lien.

7 (d) (1) (i) In this subsection the following words have the meanings
8 indicated.

9 (ii) “Common ownership community” means:

- 10 1. A condominium as defined in § 11–101 of this article;
11 or
12 2. A homeowners association as defined in § 11B–101 of
13 this article.

14 (iii) “Governing body” means a person who has authority to
15 enforce the declaration, articles of incorporation, bylaws, rules, or regulations of a
16 common ownership community.

17 (2) Notwithstanding the declaration, articles of incorporation, bylaws,
18 rules, or regulations of a common ownership community, a governing body may
19 foreclose on a lien against a unit owner or lot owner only if the damages secured by the
20 lien:

21 (i) Consist [solely] of:

- 22 1. Delinquent periodic assessments or special
23 assessments **AND ANY LATE FEES AND INTEREST**; and
24 2. Reasonable costs and attorney’s fees directly related
25 to the filing of the lien [and not exceeding] **OR OTHER EFFORTS TO COLLECT THE**
26 **DELINQUENT ASSESSMENTS THAT DO NOT EXCEED** the amount of the delinquent
27 assessments, **EXCLUDING ANY LATE FEES AND INTEREST**; and

28 (ii) Do not include fines imposed by the governing body or
29 attorney’s fees related to recovering the fines.

30 (3) This subsection does not preclude a governing body from using any
31 other means to enforce a lien against a unit owner or lot owner.

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
33 construed to apply only prospectively and may not be applied or interpreted to have

1 any effect on or application to any lien for delinquent periodic assessments or special
2 assessments that is filed by the governing body of a common ownership community
3 against a unit owner or lot owner before the effective date of this Act.

4 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 October 1, 2014.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.