

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 _____

AN ACT concerning

Real Property – Common Ownership Communities – Foreclosure of Liens

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

BY repealing and reenacting, with amendments,

Article – Real Property

Section 14–204

Annotated Code of Maryland

(2010 Replacement Volume and 2013 Supplement)

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

Article – Real Property

14–204.

(a) Except as provided in subsection (d) of this section, a lien may be enforced and foreclosed by the party who obtained the lien in the same manner, and subject to the same requirements, as the foreclosure of mortgages or deeds of trust on property 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.



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

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

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

(ii) “Common ownership community” means:

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

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

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

(i) Consist [solely] of:

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

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

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

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

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

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

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.