

SENATE BILL 107

N1

0lr1127

(PRE-FILED)

By: **Senator Ellis**

Requested: October 30, 2019

Introduced and read first time: January 8, 2020

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Real Property – Common Ownership Communities – Payment of Fees**

3 FOR the purpose of authorizing a mortgagor or grantor to pay common ownership
4 community fees as part of the payments made under a mortgage or deed of trust
5 under certain circumstances; requiring a mortgagor or grantor to notify certain
6 parties of a certain decision concerning the payment of common ownership
7 community fees and to provide certain information to certain parties concerning the
8 payment of common ownership community fees under certain circumstances;
9 requiring a mortgagee or grantee to adjust certain payment obligations to include
10 common ownership community fees under certain circumstances; requiring a
11 mortgagee or grantee to forward common ownership community fee payments to the
12 governing body of a common ownership community under certain circumstances;
13 requiring the governing body of a common ownership community to provide certain
14 information to certain parties necessary for the transfer of common ownership
15 community fee payments; requiring a mortgagee or grantee to pay any penalty
16 assessed by the governing body of a common ownership community resulting from a
17 late payment under certain circumstances; authorizing a mortgagee or grantee to
18 charge a mortgagor or grantor a certain fee to cover additional costs associated with
19 processing common ownership community fee payments under certain
20 circumstances; defining a certain term; providing for the application of this Act; and
21 generally relating to the payment of common ownership community fees.

22 BY adding to

23 Article – Real Property

24 Section 7-114

25 Annotated Code of Maryland

26 (2015 Replacement Volume and 2019 Supplement)

27 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

28 That the Laws of Maryland read as follows:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Article – Real Property

7-114.

(A) IN THIS SECTION, “COMMON OWNERSHIP COMMUNITY” MEANS:

(1) A CONDOMINIUM AS DEFINED IN § 11-101 OF THIS ARTICLE;

(2) A HOMEOWNERS ASSOCIATION AS DEFINED IN § 11B-101 OF THIS ARTICLE; OR

(3) A COOPERATIVE HOUSING CORPORATION AS DEFINED IN § 5-6B-01 OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE.

(B) (1) IF A MORTGAGOR OR A GRANTOR SECURES A MORTGAGE OR DEED OF TRUST FOR THE PURCHASE OF A SINGLE FAMILY DWELLING UNIT THAT IS SUBJECT TO FEES IMPOSED BY A COMMON OWNERSHIP COMMUNITY, THE MORTGAGOR OR GRANTOR SHALL PAY THE FEES TO THE MORTGAGEE OR GRANTEE AS PART OF THE PAYMENTS MADE BY THE MORTGAGOR OR GRANTOR UNDER THE MORTGAGE OR DEED OF TRUST.

(2) A MORTGAGOR OR GRANTOR SHALL NOTIFY THE MORTGAGEE OR GRANTEE AND THE GOVERNING BODY OF THE COMMON OWNERSHIP COMMUNITY OF THE DECISION OF THE MORTGAGOR OR GRANTOR TO PAY THE COMMON OWNERSHIP COMMUNITY FEES TO THE MORTGAGEE OR GRANTEE.

(3) A MORTGAGOR OR GRANTOR SHALL PROVIDE THE MORTGAGEE OR GRANTEE AND THE GOVERNING BODY OF THE COMMON OWNERSHIP COMMUNITY INFORMATION THAT IS REQUESTED BY THE MORTGAGEE OR GRANTEE AND THE GOVERNING BODY THAT IS NECESSARY FOR THE PAYMENT AND TRANSFER OF COMMON OWNERSHIP COMMUNITY FEES.

(C) (1) ON RECEIVING A NOTICE DESCRIBED IN SUBSECTION (B)(2) OF THIS SECTION, THE MORTGAGEE OR GRANTEE SHALL ADJUST THE PAYMENT OBLIGATION OF THE MORTGAGOR OR GRANTOR UNDER THE MORTGAGE OR DEED OF TRUST TO INCLUDE COMMON OWNERSHIP COMMUNITY FEES AND CLEARLY NOTE THIS ADJUSTMENT IN THE PAYMENT OBLIGATION DOCUMENTS.

(2) ON RECEIVING A PAYMENT FROM A MORTGAGOR OR GRANTOR THAT CONTAINS COMMON OWNERSHIP COMMUNITY FEES, THE MORTGAGEE OR GRANTEE SHALL FORWARD THE FEE PAYMENTS TO THE GOVERNING BODY OF THE COMMON OWNERSHIP COMMUNITY IN THE MANNER REQUESTED BY THE GOVERNING BODY.

1 **(D) (1) ON RECEIVING A NOTICE DESCRIBED IN SUBSECTION (B)(2) OF**
2 **THIS SECTION, THE GOVERNING BODY OF A COMMON OWNERSHIP COMMUNITY**
3 **SHALL PROVIDE THE MORTGAGEE OR GRANTEE AND THE MORTGAGOR OR GRANTOR**
4 **INFORMATION THAT IS NECESSARY FOR THE TRANSFER OF COMMON OWNERSHIP**
5 **COMMUNITY FEE PAYMENTS.**

6 **(2) THE GOVERNING BODY OF THE COMMON OWNERSHIP COMMUNITY**
7 **SHALL PROMPTLY NOTIFY THE MORTGAGOR OR GRANTOR AND MORTGAGEE OR**
8 **GRANTEE OF ANY CHANGES IN THE COMMON OWNERSHIP COMMUNITY FEES.**

9 **(E) IF A MORTGAGEE OR GRANTEE RECEIVES AN ON-TIME PAYMENT FROM**
10 **A MORTGAGOR OR GRANTOR BUT FAILS TO TRANSFER THE COMMON OWNERSHIP**
11 **COMMUNITY FEE PAYMENTS IN A TIMELY MANNER, THE MORTGAGEE OR GRANTEE**
12 **SHALL PAY ANY PENALTY ASSESSED BY THE GOVERNING BODY OF THE COMMON**
13 **OWNERSHIP COMMUNITY RESULTING FROM THE LATE PAYMENT.**

14 **(F) A MORTGAGEE OR GRANTEE MAY CHARGE A MORTGAGOR OR GRANTOR**
15 **A NOMINAL FEE TO COVER ADDITIONAL COSTS ASSOCIATED WITH PROCESSING**
16 **COMMON OWNERSHIP COMMUNITY FEE PAYMENTS UNDER THIS SECTION.**

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to
18 apply only prospectively and may not be applied or interpreted to have any effect on or
19 application to any mortgage or deed of trust signed before the effective date of this Act.

20 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2020.