

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 832 (Delegate Bobo, *et al.*)
Economic Matters

Referred to Judicial Proceedings

Condominiums - Liens - Priority

This amended bill provides that in the case of a foreclosure sale, a lien that consists of up to six months of unpaid assessments on a condominium unit has priority over a first mortgage or deed of trust recorded against the property on or after October 1, 1997. The assessments in the lien must be based on common expenses shared by unit owners, and must be in accordance with the annual budget adopted by the council of unit owners. This bill does not apply to mortgages or deeds of trust held by or for the benefit of, purchase by, assigned to, or securing an indebtedness to: the State, or any unit or instrumentality thereof.

The bill's provisions terminate if the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association ceases to purchase first mortgages on condominium units in condominium associations in Maryland.

Fiscal Summary

State Effect: None. Assuming that the Consumer Protection Division will receive fewer than 50 complaints per year stemming from this bill, existing resources should be adequate to handle any additional workload.

Local Effect: None.

Small Business Effect: Meaningful. Council of Unit Owners will be able to collect a sizeable amount of unpaid assessments in cases involving foreclosure sales. Currently, a portion of assessments owed to the condominium council are never paid.

Information Source(s): Office of the Attorney General (Consumer Protection Division),
Department of Fiscal Services

Fiscal Note History: First Reader - February 17, 1997

lc Revised - House Third Reader - March 25, 1997

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