

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 813 (Delegate Bobo, *et al.*)
Economic Matters

Referred to Judicial Proceedings

Real Property - Priority of Liens - Homeowners Associations

This amended bill provides that a lot owner is liable for assessments imposed by a homeowners association, and sets forth actions a homeowners association may take when a lot owner fails to pay. A homeowners association is authorized to impose a lien on a lot to enforce the payment of the assessments and charges. The bill also provides that, in the case of a foreclosure sale, a lien that consists of up to six months of unpaid assessments imposed on a lot has priority over a first mortgage or deed of trust recorded against the lot on or after October 1, 1997.

The bill's provisions terminate if the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association ceases to purchase first mortgages on homes in homeowners 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. Homeowners associations will be able to collect a sizeable amount of unpaid association fees in cases involving foreclosure sales. Currently, a portion of association assessments owed to homeowners associations are never paid.

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

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