
By: **Delegates Bozman, Fulton, McClenahan, Conway, and Walkup**
Introduced and read first time: February 13, 1998
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Time-Share Estates - Liens for Unpaid Assessments**

3 FOR the purpose of authorizing imposition of a lien under the Maryland Contract
4 Lien Act against a time-share estate for nonpayment of assessments and other
5 charges; authorizing liens against separate time-share estates in the same
6 project to be foreclosed in one or more proceeding; authorizing a suit for a
7 deficiency and for a money judgment to be maintained in a certain proceeding;
8 repealing a provision that requires that a statement of claim of lien be indexed
9 under the record owner's name in a certain index; altering certain definitions
10 under the Maryland Contract Lien Act; and generally relating to time-share
11 estates and liens for unpaid assessments.

12 BY repealing and reenacting, with amendments,
13 Article - Real Property
14 Section 11A-110 and 14-201(b) and (c)
15 Annotated Code of Maryland
16 (1996 Replacement Volume and 1997 Supplement)

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

19 **Article - Real Property**

20 11A-110.

21 (a) Time-share expenses must be assessed against all time-shares in
22 accordance with the time-share instrument. Any past due assessment shall bear
23 interest at the rate established by the managing entity or time-share instrument not
24 to exceed 18 percent per year.

25 (b) To the extent required by the time-share instrument, any time-share
26 expense benefiting fewer than all of the time-share owners must be assessed
27 exclusively against the time-share owners benefited.

1 (c) Assessments to pay a judgment against the association may be made only
2 against the time-share estate owners of record in the time-share estate project at the
3 time the judgment was entered, in proportion to their time-share expense liabilities.

4 (d) If any time-share expense is caused by the misconduct of any time-share
5 owner, the association may assess that expense exclusively against that owner.

6 (e) (1) (I) If the applicable time-share instrument so provides, a person
7 who has a duty to make assessments for time-share expenses has a lien on a
8 time-share for any assessment levied against that time-share or fines imposed
9 against its owner from the time the assessment or fine becomes due, effective upon
10 recording.

11 (II) As to a time-share estate [the lien may be enforced and
12 foreclosed in the same manner as a foreclosure of a mortgage on real estate containing
13 a power of sale or an assent to decree], ASSESSMENTS, INTEREST, LATE CHARGES,
14 COSTS OF COLLECTION, AND REASONABLE ATTORNEY'S FEES MAY BE ENFORCED BY
15 THE IMPOSITION OF A LIEN UNDER THE MARYLAND CONTRACT LIEN ACT. LIENS MAY
16 BE ENFORCED AND FORECLOSED IN SEPARATE PROCEEDINGS OR IN ONE OR MORE
17 PROCEEDING AGAINST ALL TIME-SHARE ESTATES IN THE SAME PROJECT WHOSE
18 OWNERS ARE IN ARREARS IN PAYMENT OF ASSESSMENTS. SUIT FOR ANY
19 DEFICIENCY FOLLOWING FORECLOSURE MAY BE MAINTAINED IN THE SAME
20 PROCEEDING, AND SUIT FOR ANY MONEY JUDGMENT FOR UNPAID ASSESSMENTS
21 MAY ALSO BE MAINTAINED IN THE SAME PROCEEDING WITHOUT WAIVING THE
22 RIGHT TO SEEK A LIEN UNDER THE MARYLAND CONTRACT LIEN ACT.

23 (III) As to a time-share license, the person who has the duty to make
24 assessments shall have the rights of a secured party under § 9-504 of the Commercial
25 Law Article to sell, lease, or dispose of the time-share license. Unless the time-share
26 instrument otherwise provides, fees, charges, late charges, fines, and interest charged
27 are enforceable as assessments under this section. If an assessment is payable in
28 installments, the full amount of the assessment is a lien from the time the first
29 installment becomes due provided that within 15 days of an owner's failure to pay an
30 installment, that person who has a duty to make assessments notifies the owner that,
31 if the owner fails to pay any installment within 15 days of the notice, full payment of
32 the remaining annual assessment will then be due and shall constitute a lien on the
33 unit as provided in this section.

34 (2) The lien is perfected upon recordation of a claim of lien, with respect
35 to the time-share estate, among the land records of the county in which the
36 time-share unit is situate, or with respect to the time-share license, among the
37 financing records in the county in which the time-share unit is situated. The claim of
38 lien shall state the description of the time-share unit, the name of the record owner,
39 the amount due, and the period for which the assessment was due. The claim of lien
40 shall also state that notice of intent to perfect the lien, giving the time-share owner
41 an opportunity to dispute the amount of the assessment, was sent to the last known
42 address of the owner not less than 10 days prior to recordation. [As to time-share
43 estate, the clerk shall index the statement of claim of lien under the name of the
44 record owner in the grantor index and in the block index if one is maintained by the

1 clerk.] The claim of lien shall be signed and verified by an officer or agent of the
2 association. On full payment of the assessment and other permitted amounts for
3 which the lien is claimed, the unit owner shall be entitled to a recordable satisfaction
4 of the lien in any form used for the release of mortgages in the county in which the
5 condominium is located. Fees and charges imposed under this section are enforceable
6 as assessments under this section.

7 (3) A lien for unpaid assessments is extinguished unless proceedings to
8 enforce the lien are instituted within 3 years after the assessments become payable.

9 (4) An action may not be brought to foreclose a lien except after 10-days'
10 written notice to the time-share owner given by registered mail, return receipt
11 requested, to the last known address of the owner. Notice shall be deemed given even
12 if delivery of the letter is refused by the addressee or any coowner of the time-share.

13 (5) A judgment or decree in any action brought under this section may
14 include costs and reasonable attorney's fees for the prevailing party.

15 (6) A person who has a duty to make assessments for time-share
16 expenses shall furnish a time-share owner upon written request as often as quarter
17 annually a recordable statement setting forth the amount of unpaid assessments
18 currently levied against his time-share. The statement shall be furnished within 10
19 business days after receipt of the request and is binding in favor of persons
20 reasonably relying thereon.

21 14-201.

22 (b) (1) "Contract" means a real covenant running with the land or a contract
23 recorded among the land records of a county or Baltimore City.

24 (2) "Contract" includes a declaration or bylaws recorded under the
25 provisions of the Maryland Condominium Act OR THE MARYLAND REAL ESTATE
26 TIME-SHARING ACT.

27 (c) (1) "Damages" means unpaid sums due under a contract, plus interest
28 accruing on the unpaid sums due under a contract or as provided by law, including
29 fines levied under the Maryland Condominium Act OR THE MARYLAND REAL ESTATE
30 TIME-SHARING ACT.

31 (2) "Damages" does not include consequential or punitive damages.

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
33 October 1, 1998.