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By: **Senators Green, Hogan, and Forehand**  
Introduced and read first time: January 29, 1998  
Assigned to: Judicial Proceedings

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A BILL ENTITLED

1 AN ACT concerning

2 **Real Property - Priority of Liens**

3 FOR the purpose of providing that certain lot owners within homeowners associations  
4 are liable for certain charges and assessments; allowing homeowners  
5 associations to enforce certain assessments and charges by imposition of a  
6 homeowners association lien under certain circumstances; providing that a  
7 certain portion of the homeowners association lien has priority over a first  
8 mortgage or deed of trust under certain circumstances; providing that certain  
9 provisions of this Act do not affect or limit certain liens; providing for the  
10 abrogation of this Act upon the occurrence of a certain contingency; and  
11 generally relating to liens on lots within homeowners associations.

12 BY adding to  
13 Article - Real Property  
14 Section 11B-113.1  
15 Annotated Code of Maryland  
16 (1996 Replacement Volume and 1997 Supplement)

17 BY repealing and reenacting, without amendments,  
18 Article - Real Property  
19 Section 11B-114  
20 Annotated Code of Maryland  
21 (1996 Replacement Volume and 1997 Supplement)

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

24 **Article - Real Property**

25 11B-113.1.

26 (A) AS PROVIDED IN THE DECLARATION, A LOT OWNER SHALL BE LIABLE FOR  
27 ALL HOMEOWNERS ASSOCIATION ASSESSMENTS AND CHARGES THAT COME DUE  
28 DURING THE TIME THAT THE LOT OWNER OWNS THE LOT.

1 (B) IN ADDITION TO ANY OTHER REMEDIES AVAILABLE AT LAW, A  
2 HOMEOWNERS ASSOCIATION MAY ENFORCE THE PAYMENT OF THE ASSESSMENTS  
3 AND CHARGES PROVIDED IN THE DECLARATION BY THE IMPOSITION OF A LIEN ON A  
4 LOT IN ACCORDANCE WITH THE MARYLAND CONTRACT LIEN ACT.

5 (C) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION AND SUBSECTION  
6 (D) OF THIS SECTION, IN THE CASE OF A FORECLOSURE SALE, THE PORTION OF A  
7 HOMEOWNERS ASSOCIATION CONTRACT LIEN IN AN AMOUNT EQUAL TO NOT MORE  
8 THAN 6 MONTHS OF UNPAID ASSESSMENTS, IMPOSED ON A LOT IN ACCORDANCE  
9 WITH SUBSECTION (B) OF THIS SECTION, SHALL HAVE PRIORITY OVER THE CLAIM OF  
10 THE HOLDER OF A FIRST MORTGAGE OR DEED OF TRUST RECORDED AGAINST THE  
11 LOT ON OR AFTER OCTOBER 1, 1998 IF THE ASSESSMENTS INCLUDED IN THE  
12 CONTRACT LIEN ARE BASED ON THE ANNUAL BUDGET ADOPTED BY THE  
13 ASSOCIATION.

14 (2) THE AMOUNT OF THE CLAIM SUBJECT TO THE PRIORITY GRANTED  
15 BY PARAGRAPH (1) OF THIS SUBSECTION MAY NOT EXCEED \$5,000.

16 (D) THIS SECTION DOES NOT LIMIT OR AFFECT THE PRIORITY OF:

17 (1) A LIEN IMPOSED IN ACCORDANCE WITH A DECLARATION THAT  
18 PROVIDES FOR A FIRST PRIORITY LIEN; OR

19 (2) A MORTGAGE OR DEED OF TRUST HELD BY OR FOR THE BENEFIT OF,  
20 PURCHASED BY, ASSIGNED TO, OR SECURING AN INDEBTEDNESS TO:

21 (I) THE STATE;

22 (II) A UNIT OF STATE GOVERNMENT; OR

23 (III) AN INSTRUMENTALITY OF THE STATE.

24 11B-114.

25 This title may be cited as the Maryland Homeowners Association Act.

26 SECTION 2. AND BE IT FURTHER ENACTED, That the provisions of this  
27 Act shall be abrogated and of no force or effect if the Federal Home Loan Mortgage  
28 Corporation or the Federal National Mortgage Association, by rule, regulation, or  
29 policy ceases to purchase first mortgages on condominium units in condominium  
30 associations in this State. The Secretary of State, within 5 days after determining  
31 that the contingency provided in this Section has occurred, shall notify in writing the  
32 Maryland Department of Legislative Services.

33 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take  
34 effect October 1, 1998.