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By: **Senators Green and Forehand**  
Introduced and read first time: February 6, 1998  
Assigned to: Judicial Proceedings

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A BILL ENTITLED

1 AN ACT concerning

2 **Condominiums - Liens - Priority**

3 FOR the purpose of providing that a certain portion of a certain lien on a  
4 condominium unit has priority over the claim of the holder of a first mortgage or  
5 deed of trust under certain circumstances; providing for the abrogation of this  
6 Act upon the occurrence of a certain contingency; and generally relating to liens  
7 on condominium units under the Maryland Contract Lien Act.

8 BY repealing and reenacting, with amendments,  
9 Article - Real Property  
10 Section 11-110(d)  
11 Annotated Code of Maryland  
12 (1996 Replacement Volume and 1997 Supplement)

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

15 **Article - Real Property**

16 11-110.

17 (d) (1) Payment of assessments, together with interest, late charges, if any,  
18 costs of collection and reasonable attorney's fees may be enforced by the imposition of  
19 a lien on a unit in accordance with the provisions of the Maryland Contract Lien Act.

20 (2) Suit for any deficiency following foreclosure may be maintained in  
21 the same proceeding, and suit to recover any money judgment for unpaid assessments  
22 may also be maintained in the same proceeding, without waiving the right to seek to  
23 impose a lien under the Maryland Contract Lien Act.

24 (3) (I) THIS PARAGRAPH DOES NOT APPLY TO MORTGAGES OR DEEDS  
25 OF TRUST HELD BY OR FOR THE BENEFIT OF, PURCHASED BY, ASSIGNED TO, OR  
26 SECURING AN INDEBTEDNESS TO:

27 1. THE STATE;

1                                 2.             A UNIT OF STATE GOVERNMENT; OR

2                                 3.             AN INSTRUMENTALITY OF THE STATE.

3                                 (II)             IN THE CASE OF A FORECLOSURE SALE, THE PORTION OF A  
 4 LIEN CONSISTING OF NOT MORE THAN 6 MONTHS OF UNPAID ASSESSMENTS ON A  
 5 UNIT OR \$5,000, WHICHEVER IS LESS, SHALL HAVE PRIORITY OVER THE CLAIM OF  
 6 THE HOLDER OF A FIRST MORTGAGE OR DEED OF TRUST RECORDED AGAINST THE  
 7 PROPERTY ON OR AFTER OCTOBER 1, 1998, IF THE ASSESSMENTS INCLUDED IN THE  
 8 LIEN ARE IN ACCORDANCE WITH THE ANNUAL BUDGET ADOPTED BY THE COUNCIL  
 9 OF UNIT OWNERS.

10             SECTION 2. AND BE IT FURTHER ENACTED, That the provisions of this Act  
 11 shall be abrogated and of no force or effect if the Federal Home Loan Mortgage  
 12 Corporation or the Federal National Mortgage Association, by rule, regulation, or  
 13 policy ceases to purchase first mortgages on condominium units in condominium  
 14 associations in this State. The Secretary of State, within 5 days after determining  
 15 that the contingency provided in this section has occurred, shall notify in writing the  
 16 Department of Legislative Services.

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