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

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 19, 1998

CHAPTER_____

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 that this Act does not limit
6 or affect the priority of certain mortgages or deeds of trust; providing for the
7 abrogation of this Act upon the occurrence of a certain contingency; and
8 generally relating to liens on condominium units under the Maryland Contract
9 Lien Act.

10 BY repealing and reenacting, with amendments,
11 Article - Real Property
12 Section 11-110(d)
13 Annotated Code of Maryland
14 (1996 Replacement Volume and 1997 Supplement)

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

17 **Article - Real Property**

18 11-110.

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

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

5 (3) (I) THIS PARAGRAPH DOES NOT ~~APPLY TO~~ LIMIT OR AFFECT THE
6 PRIORITY OF MORTGAGES OR DEEDS OF TRUST HELD BY OR FOR THE BENEFIT OF,
7 PURCHASED BY, ASSIGNED TO, OR SECURING AN INDEBTEDNESS TO:

- 8 1. THE STATE;
- 9 2. A UNIT OF STATE GOVERNMENT; OR
- 10 3. AN INSTRUMENTALITY OF THE STATE.

11 (II) IN THE CASE OF A FORECLOSURE SALE, THE PORTION OF A
12 CONTRACT LIEN CONSISTING OF NOT MORE THAN 6 MONTHS OF UNPAID
13 ASSESSMENTS ON A UNIT OR \$5,000 \$2,500, WHICHEVER IS LESS, SHALL HAVE
14 PRIORITY OVER THE CLAIM OF THE HOLDER OF A FIRST MORTGAGE OR DEED OF
15 TRUST RECORDED AGAINST THE PROPERTY ON OR AFTER OCTOBER 1, 1998, IF THE
16 ASSESSMENTS INCLUDED IN THE CONTRACT LIEN ARE IN ACCORDANCE WITH THE
17 ANNUAL BUDGET ADOPTED BY THE COUNCIL OF UNIT OWNERS.

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

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