

HOUSE BILL 959

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SB 202/98 - JPR

1999 Regular Session
9r0589

By: **Delegates Bobo, Bozman, Giannetti, Brown, Goldwater, Gordon, Moe,
Patterson, Pendergrass, and Turner**

Introduced and read first time: February 12, 1999

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Real Property - Priority of Liens - Homeowners Associations**

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 the payment of certain assessments and charges by
6 imposition of a contract lien under certain circumstances; providing that a
7 certain portion of a homeowners association contract lien has priority over a
8 first mortgage or deed of trust under certain circumstances; providing that
9 certain provisions of this Act do not affect or limit the priority of certain liens,
10 mortgages, or deeds of trust; providing for the abrogation of this Act upon the
11 occurrence of a certain contingency; and generally relating to liens on lots within
12 homeowners associations.

13 BY adding to
14 Article - Real Property
15 Section 11B-113.1
16 Annotated Code of Maryland
17 (1996 Replacement Volume and 1998 Supplement)

18 BY repealing and reenacting, without amendments,
19 Article - Real Property
20 Section 11B-114
21 Annotated Code of Maryland
22 (1996 Replacement Volume and 1998 Supplement)

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

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Article - Real Property

2 11B-113.1.

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

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

10 (C) SUBJECT TO SUBSECTION (D) OF THIS SECTION, IN THE CASE OF A
11 FORECLOSURE SALE, THE PORTION OF A HOMEOWNERS ASSOCIATION CONTRACT
12 LIEN CONSISTING OF NOT MORE THAN 6 MONTHS OF UNPAID ASSESSMENTS OR
13 \$2,500, WHICHEVER IS LESS, SHALL HAVE PRIORITY OVER THE CLAIM OF THE
14 HOLDER OF A FIRST MORTGAGE OR DEED OF TRUST RECORDED AGAINST THE LOT
15 ON OR AFTER OCTOBER 1, 1999, IF THE ASSESSMENTS INCLUDED IN THE CONTRACT
16 LIEN ARE IN ACCORDANCE WITH THE ANNUAL BUDGET ADOPTED BY THE
17 HOMEOWNERS ASSOCIATION.

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

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

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

23 (I) THE STATE;

24 (II) A UNIT OF STATE GOVERNMENT; OR

25 (III) AN INSTRUMENTALITY OF THE STATE.

26 11B-114.

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

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

35 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take
36 effect October 1, 1999.

