

SENATE BILL 336

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SB 202/98 - JPR

1999 Regular Session
9lr0262

By: **Senators Green, Forehand, Hogan, Currie, Exum, and Hollinger**
Introduced and read first time: February 5, 1999
Assigned to: Judicial Proceedings

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 certain liens, mortgages, or deeds of
10 trust; providing for the abrogation of this Act upon the occurrence of a certain
11 contingency; and generally relating to liens on lots within homeowners
12 associations.

13 BY renumbering
14 Article - Real Property
15 Section 11B-114
16 to be Section 11B-115
17 Annotated Code of Maryland
18 (1996 Replacement Volume and 1998 Supplement)

19 BY adding to
20 Article - Real Property
21 Section 11B-114
22 Annotated Code of Maryland
23 (1996 Replacement Volume and 1998 Supplement)

24 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
25 MARYLAND, That Section(s) 11B-114 of Article - Real Property of the Annotated
26 Code of Maryland be renumbered to be Section(s) 11B-115.

27 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
28 read as follows:

1

Article - Real Property

2 11B-114.

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) IN THE CASE OF A FORECLOSURE SALE, THE PORTION OF A HOMEOWNERS
11 ASSOCIATION CONTRACT LIEN CONSISTING OF NOT MORE THAN 6 MONTHS OF
12 UNPAID ASSESSMENTS IMPOSED ON A LOT IN ACCORDANCE WITH SUBSECTION (B)
13 OF THIS SECTION, SHALL HAVE PRIORITY OVER THE CLAIM OF THE HOLDER OF A
14 FIRST MORTGAGE OR DEED OF TRUST RECORDED AGAINST THE LOT ON OR AFTER
15 OCTOBER 1, 1999, IF:

16 (1) THE ASSESSMENTS INCLUDED IN THE CONTRACT LIEN ARE IN
17 ACCORDANCE WITH THE ANNUAL BUDGET ADOPTED BY THE HOMEOWNERS
18 ASSOCIATION; AND

19 (2) THE PRIORITY DOES NOT EXCEED \$5,000.

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

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

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

25 (I) THE STATE;

26 (II) A UNIT OF STATE GOVERNMENT; OR

27 (III) AN INSTRUMENTALITY OF THE STATE.

28 SECTION 3. AND BE IT FURTHER ENACTED, That § 11B-114 of the Real
29 Property Article of this Act shall be abrogated and of no force or effect if the Federal
30 Home Loan Mortgage Corporation or the Federal National Mortgage Association, by
31 rule, regulation, or policy ceases to purchase first mortgages on lots within
32 homeowners associations in this State. The Secretary of State, within 5 days after
33 determining that the contingency provided in this section has been met, shall notify
34 in writing the Maryland Department of Legislative Services.

35 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take
36 effect October 1, 1999.

