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

A BILL ENTITLED

1 AN ACT concerning

2 **Condominiums - Liens - Priority**

3 FOR the purpose of providing that a certain portion of a condominium association's
4 lien on a condominium unit has priority over the claim of the holder of a first
5 mortgage or deed of trust under certain circumstances; providing that this Act
6 does not limit or affect the priority of certain mortgages or deeds of trust;
7 providing for the abrogation of this Act upon the occurrence of a certain
8 contingency; and generally relating to liens on condominium units under the
9 Maryland Contract 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 1998 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.

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

26 (3) (I) THIS PARAGRAPH DOES NOT APPLY TO A MORTGAGE OR DEED
27 OF TRUST HELD BY OR FOR THE BENEFIT OF, PURCHASED BY, ASSIGNED TO, OR
28 SECURING AN INDEBTEDNESS TO:

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

4 (II) IN THE CASE OF A FORECLOSURE SALE, THE PORTION OF A
5 LIEN CONSISTING OF NOT MORE THAN 6 MONTHS OF UNPAID ASSESSMENTS ON A
6 UNIT SHALL HAVE PRIORITY OVER THE CLAIM OF THE HOLDER OF A FIRST
7 MORTGAGE OR DEED OF TRUST RECORDED AGAINST THE PROPERTY ON OR AFTER
8 OCTOBER 1, 1999, IF:

- 9 1. THE ASSESSMENTS INCLUDED IN THE LIEN ARE IN
10 ACCORDANCE WITH THE ANNUAL BUDGET ADOPTED BY THE COUNCIL OF UNIT
11 OWNERS; AND
- 12 2. THE PRIORITY DOES NOT EXCEED \$5,000.

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

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