

Department of Legislative Services  
Maryland General Assembly  
1999 Session

FISCAL NOTE

House Bill 963 (Delegate Bobo. *et al.*)

Economic Matters

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Condominiums - Liens - Priority

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This bill provides that, in the case of a foreclosure sale, the portion of a condominium contract lien consisting of the lesser of six months of unpaid assessments on the unit or \$2,500 shall have priority over a first mortgage recorded against the property on or after October 1, 1999. The assessments included in the contract lien must be in accordance with the annual budget adopted by the council of unit owners. The bill does not limit or affect the priority of a mortgage held by the State, a unit of State government, or an instrumentality of the State.

The bill shall be abrogated and of no force or effect if the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association ceases to purchase first mortgages on condominium units in the State.

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Fiscal Summary

**State Effect:** None. The bill specifically protects the interests of the State as lender.

**Local Effect:** None, assuming the term "instrumentality of the State" includes local governments.

**Small Business Effect:** Potential meaningful.

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Fiscal Analysis

**Small Business Effect:** Councils of (condominium) unit owners could be more successful in collecting assessments and charges as a result of this bill. Small mortgage lending businesses and other lenders could experience revenue decreases to the extent that condominium liens are satisfied before their mortgages as a result of the bill, and they do not receive payment in full on their mortgage liens. The maximum impact to any one mortgage would be \$2,500, however.

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**Information Source(s):** Department of Assessments and Taxation; Department of Housing and Community Development; Department of Labor, Licensing and Regulation; Allegany, Prince George's, Talbot, and Wicomico counties; Department of Legislative Services

**Fiscal Note History:** First Reader - March 10, 1999

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Analysis by: Claire E. Rooney

Direct Inquiries to:  
John Rixey, Coordinating Analyst  
(410) 946-5510  
(301) 970-5510