

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

Senate Bill 336 (Senator Green. *et al.*)

Judicial Proceedings

Real Property - Priority of Liens - Homeowners Associations

This bill provides that a homeowners association may impose a lien against a lot to the extent of any overdue assessments and charges, which would take priority over a first mortgage or deed of trust recorded on or after October 1, 1999 in the event of a foreclosure sale. The amount of the lien may not exceed the lesser of six months of unpaid assessments or \$5,000. The bill does not limit or affect the priority of a State government mortgage.

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.

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.

Fiscal Analysis

Small Business Effect: Homeowners associations could be more successful in collecting

assessments and charges as a result of this bill. Small mortgage lending businesses could experience revenue decreases to the extent that homeowners association 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 \$5,000, however.

Information Source(s): Department of Housing and Community Development, Department of Assessments and Taxation, Carroll County, Harford County, Montgomery County, Department of Legislative Services

Fiscal Note History: First Reader - March 10, 1999
Inc/jr

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