

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

Senate Bill 337 (Senator Green, *et al.*)

Judicial Proceedings

Condominiums - Liens - Priority

This bill provides that, in a foreclosure sale, the portion of a lien consisting of not more than six months of unpaid assessments on a condominium unit or \$5,000, whichever is less, has priority over the claim of the holder of a first mortgage or deed of trust recorded against the property on or after October 1, 1999. This would be effective if the assessments included in the lien are in accordance with the council of unit owners' annual budget. This would not apply to mortgages or deeds of trust held by or for the benefit of, purchased by, assigned to, or securing an indebtedness to 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.

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: Condominium councils of unit owners 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 condominium assessment 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; Department of Labor, Licensing, and Regulation; Howard County; Montgomery County; Department of Legislative Services

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dmm/jr

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