

Chapter 449

(House Bill 286)

AN ACT concerning

Real Property – Common Ownership Communities – Foreclosure of Liens

FOR the purpose of authorizing the governing body of a common ownership community to foreclose on a lien against a unit owner, ~~member~~, or lot owner only if the damages secured by the lien consist solely of certain delinquent assessments, ~~costs~~, and certain reasonable costs and attorney's fees under certain circumstances; defining certain terms; providing for the application of this Act; and generally relating to the foreclosure of liens by the governing body of a common ownership community.

BY repealing and reenacting, with amendments,
 Article – Real Property
 Section 14–204
 Annotated Code of Maryland
 (2010 Replacement Volume and 2012 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Real Property

14–204.

(a) **[A] EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, A** lien may be enforced and foreclosed by the party who obtained the lien in the same manner, and subject to the same requirements, as the foreclosure of mortgages or deeds of trust on property in this State containing a power of sale or an assent to a decree.

(b) If the owner of property subject to a lien is personally liable for alleged damages, suit for any deficiency following foreclosure may be maintained in the same proceeding, and suit for a monetary judgment for unpaid damages may be maintained without waiving any lien securing the same.

(c) Any action to foreclose a lien shall be brought within 12 years following recordation of the statement of lien.

(D) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(II) “COMMON OWNERSHIP COMMUNITY” MEANS:

1. A CONDOMINIUM AS DEFINED IN § 11–101 OF THIS ARTICLE; OR
2. ~~A COOPERATIVE HOUSING CORPORATION AS DEFINED IN § 5–6B–01 OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE;~~
~~OR~~
3. A HOMEOWNERS ASSOCIATION AS DEFINED IN § 11B–101 OF THIS ARTICLE.

(III) “GOVERNING BODY” MEANS A PERSON WHO HAS AUTHORITY TO ENFORCE THE DECLARATION, ARTICLES OF INCORPORATION, BYLAWS, RULES, OR REGULATIONS OF A COMMON OWNERSHIP COMMUNITY.

(2) NOTWITHSTANDING THE DECLARATION, ARTICLES OF INCORPORATION, BYLAWS, RULES, OR REGULATIONS OF A COMMON OWNERSHIP COMMUNITY, A GOVERNING BODY MAY FORECLOSE ON A LIEN AGAINST A UNIT OWNER, ~~MEMBER,~~ OR LOT OWNER ONLY IF THE DAMAGES SECURED BY THE LIEN:

(I) CONSIST SOLELY OF ~~DELINQUENT:~~

1. DELINQUENT MONTHLY PERIODIC ASSESSMENTS OR SPECIAL ASSESSMENTS; AND
2. COSTS REASONABLE COSTS AND ATTORNEY’S FEES DIRECTLY RELATED TO THE FILING OF THE LIEN OR EFFORTS TO COLLECT AND NOT EXCEEDING THE AMOUNT OF THE DELINQUENT ASSESSMENTS; AND

(II) DO NOT INCLUDE FINES IMPOSED BY THE GOVERNING BODY OR ATTORNEY’S FEES RELATED TO RECOVERING THE FINES.

(3) THIS SUBSECTION DOES NOT PRECLUDE A GOVERNING BODY FROM USING ANY OTHER MEANS TO ENFORCE A LIEN AGAINST A UNIT OWNER, ~~MEMBER,~~ OR LOT OWNER ~~FOR DELINQUENT MONTHLY OR SPECIAL ASSESSMENTS.~~

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to apply only prospectively and may not be applied or interpreted to have any effect on or application to any lien filed before the effective date of this Act.

SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2013.

Approved by the Governor, May 16, 2013.