

HOUSE BILL 837

N1

3lr2873
CF 3lr2875

By: **Delegate Holmes**

Introduced and read first time: February 9, 2023

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Condominiums and Homeowners Associations – Residential Property**
3 **Foreclosure Sales – Purchaser Requirements**

4 FOR the purpose of requiring a purchaser in a foreclosure sale of residential property in a
5 condominium or homeowners association to immediately record an instrument of
6 writing transferring the residential property; requiring the purchaser to
7 immediately begin payment of certain regular assessments until a certain condition
8 is met; and generally relating to residential property in a condominium or
9 homeowners association.

10 BY repealing and reenacting, with amendments,
11 Article – Real Property
12 Section 7–105.16
13 Annotated Code of Maryland
14 (2015 Replacement Volume and 2022 Supplement)

15 BY adding to
16 Article – Real Property
17 Section 7–105.19
18 Annotated Code of Maryland
19 (2015 Replacement Volume and 2022 Supplement)

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

22 **Article – Real Property**

23 7–105.16.

24 (a) (1) In this section the following words have the meanings indicated.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) “Instrument of writing” has the meaning stated in § 12–101 of the Tax
2 – Property Article.

3 (3) (i) “Residential property” means real property improved by a
4 dwelling unit that is designed principally and is intended for human habitation.

5 (ii) “Residential property” includes:

6 1. A residential condominium unit; and

7 2. A unit in a cooperative project, as defined in § 5–6B–01 of
8 the Corporations and Associations Article.

9 (4) “Tax” has the meaning stated in § 14–801 of the Tax – Property Article.

10 (b) Except as provided in [subsection] **SUBSECTIONS (c) AND (D)** of this section,
11 if residential property is purchased at a sale in an action to foreclose a mortgage or deed of
12 trust on the residential property, the purchaser shall provide a copy of the court order
13 ratifying the foreclosure sale to the supervisor of assessments for the county in which the
14 residential property is located by the later of:

15 (1) 60 days after the entry of the court order ratifying the foreclosure sale;
16 or

17 (2) If a motion is filed under Maryland Rule 2–535 before the expiration of
18 the time period set forth in item (1) of this subsection, 30 days after the entry of a court
19 order that resolves the motion without nullifying the ratification order.

20 (c) Subsection (b) of this section does not apply if:

21 (1) An instrument of writing transferring the residential property has been
22 recorded in the land records of the county in which the residential property is located before
23 the expiration of the time period set forth in subsection (b) of this section; or

24 (2) The foreclosure sale is subject to:

25 (i) A pending appeal of the ratification order;

26 (ii) A bankruptcy stay; or

27 (iii) An unexpired right of redemption in favor of the United States
28 or any agency or department of the United States.

29 **(D) IF RESIDENTIAL PROPERTY IN A CONDOMINIUM OR HOMEOWNERS**
30 **ASSOCIATION IS PURCHASED AT A FORECLOSURE SALE, THE PURCHASER SHALL**
31 **IMMEDIATELY RECORD AN INSTRUMENT OF WRITING TRANSFERRING THE**

1 RESIDENTIAL PROPERTY IN THE LAND RECORDS OF THE COUNTY IN WHICH THE
2 RESIDENTIAL PROPERTY IS LOCATED.

3 [(d)] (E) The supervisor of assessments shall provide a receipt to the person
4 providing a copy of the ratification order.

5 [(e)] (F) If a copy of the ratification order is not provided to the supervisor of
6 assessments as required under subsection (b) of this section, any reduction in property tax
7 received by the residential property because of its status as an owner-occupied principal
8 residence from the date of the entry of the ratification order until the earlier of the receipt
9 by the supervisor of assessments of a copy of the ratification order or the recordation in the
10 land records of an instrument of writing transferring the property to a third party shall
11 remain due and collectable as a property tax under Title 14 of the Tax – Property Article.

12 **7-105.19.**

13 (A) IN THIS SECTION, “GOVERNING BODY” MEANS A PERSON WITH THE
14 AUTHORITY TO ENFORCE A DECLARATION, BYLAWS, RULES, OR REGULATIONS OF A
15 CONDOMINIUM OR HOMEOWNERS ASSOCIATION.

16 (B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IF
17 RESIDENTIAL PROPERTY SUBJECT TO A CONDOMINIUM REGIME OR HOMEOWNERS
18 ASSOCIATION IS PURCHASED AT A SALE IN AN ACTION TO FORECLOSE A MORTGAGE
19 OR DEED OF TRUST ON THE RESIDENTIAL PROPERTY, THE PURCHASER SHALL
20 IMMEDIATELY BEGIN PAYMENT TO THE GOVERNING BODY OF A CONDOMINIUM OR
21 HOMEOWNERS ASSOCIATION IN WHICH THE RESIDENTIAL PROPERTY IS LOCATED OF
22 ANY REGULAR ASSESSMENTS FOR COMMON EXPENSES THAT ARE LEVIED IN
23 ACCORDANCE WITH THE REQUIREMENTS OF THE GOVERNING DOCUMENTS OF THE
24 CONDOMINIUM OR HOMEOWNERS ASSOCIATION.

25 (2) THE PURCHASER SHALL PAY REGULAR ASSESSMENTS LEVIED IN
26 ACCORDANCE WITH THE GOVERNING DOCUMENTS OF THE CONDOMINIUM OR
27 HOMEOWNERS ASSOCIATION UNTIL THE TITLE TO THE RESIDENTIAL PROPERTY IS
28 RECORDED BY A NEW OWNER.

29 (C) IF A PURCHASER FAILS TO PAY REGULAR ASSESSMENTS AS REQUIRED
30 UNDER SUBSECTION (B) OF THIS SECTION, THE GOVERNING BODY OF A
31 CONDOMINIUM OR HOMEOWNERS ASSOCIATION MAY CHARGE THE PURCHASER A
32 FINE OF UP TO \$500 PER MONTH THAT THE PURCHASER FAILS TO PAY THE
33 ASSESSMENT.

34 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
35 October 1, 2023.