

HOUSE BILL 602

N1

(4lr1671)

ENROLLED BILL

— *Environmental Matters/Judicial Proceedings* —

Introduced by **Delegate Niemann**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Real Property – Common Ownership Communities – Foreclosure of Liens**

3 FOR the purpose of altering the types of damages for which the governing body of a
4 common ownership community may foreclose on a lien for delinquent
5 assessments against a unit owner or lot owner under certain circumstances;
6 providing for the application of this Act; and generally relating to the
7 foreclosure of liens by common ownership communities.

8 BY repealing and reenacting, with amendments,

9 Article – Real Property

10 Section 14–204

11 Annotated Code of Maryland

12 (2010 Replacement Volume and 2013 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



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

3 **Article – Real Property**

4 14–204.

5 (a) Except as provided in subsection (d) of this section, a lien may be enforced
6 and foreclosed by the party who obtained the lien in the same manner, and subject to
7 the same requirements, as the foreclosure of mortgages or deeds of trust on property
8 in this State containing a power of sale or an assent to a decree.

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

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

15 (d) (1) (i) In this subsection the following words have the meanings
16 indicated.

17 (ii) “Common ownership community” means:

18 1. A condominium as defined in § 11–101 of this article;
19 or

20 2. A homeowners association as defined in § 11B–101 of
21 this article.

22 (iii) “Governing body” means a person who has authority to
23 enforce the declaration, articles of incorporation, bylaws, rules, or regulations of a
24 common ownership community.

25 (2) Notwithstanding the declaration, articles of incorporation, bylaws,
26 rules, or regulations of a common ownership community, a governing body may
27 foreclose on a lien against a unit owner or lot owner only if the damages secured by the
28 lien:

29 (i) Consist [solely] of:

30 1. Delinquent periodic assessments or special
31 assessments ~~AND ANY LATE FEES AND INTEREST~~; and

1 2. Reasonable costs and attorney’s fees directly related
 2 to the filing of the lien [and not exceeding] ~~OR OTHER EFFORTS TO COLLECT THE~~
 3 ~~DELINQUENT ASSESSMENTS THAT DO NOT EXCEED~~ the amount of the delinquent
 4 assessments, ~~EXCLUDING ANY LATE FEES AND INTEREST~~; and

5 (ii) Do not include fines imposed by the governing body or
 6 attorney’s fees OR COSTS related to recovering the fines.

7 (3) This subsection does not preclude a governing body from using any
 8 other means to enforce a lien against a unit owner or lot owner.

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
 10 construed to apply only prospectively and may not be applied or interpreted to have
 11 any effect on or application to any lien for delinquent periodic assessments or special
 12 assessments that is filed by the governing body of a common ownership community
 13 against a unit owner or lot owner before the effective date of this Act.

14 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
 15 October 1, 2014.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.