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# Assessment Lien Bill Is Top CAI Legislative Priority For 2010

By Thomas C. Schild, Esq.

Facing a nearly \$2 billion shortfall in tax revenue, budget cuts and the weak economy are expected to dominate the 2010 session of the Maryland General Assembly. The legislature meets from mid-January to mid-April.

CAI's Maryland Legislative Action Committee (MD-LAC) is hopeful that the state's budget problem will help legislators better understand the financial stress which community associations also are facing. Therefore, CAI's top legislative priority for 2010 will be "priority lien" legislation to aid associations in collecting assessments when a lender forecloses.

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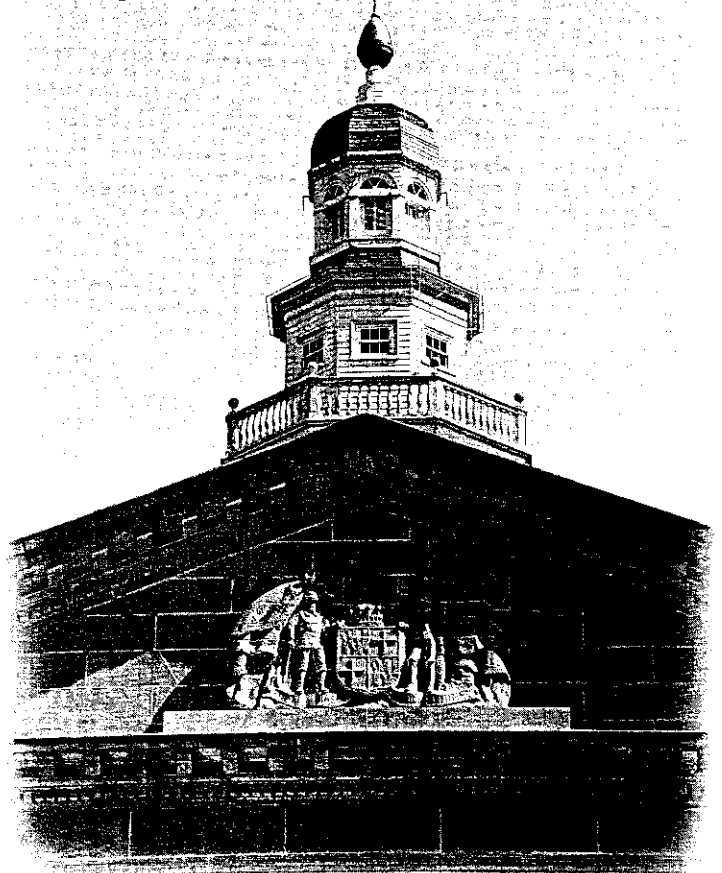
CAI Chesapeake Chapter Region

## Assessment Priority Lien

As the "mortgage crisis" enters its third year, lender foreclosures continue to impact the ability of condominium and homeowner associations to collect assessments. When a lender forecloses and there is no equity in the property, the association's assessment lien is extinguished by the foreclosure.

The Assessment Priority Lien legislation under consideration this year differs from the legislation proposed the past 2 years. The 2010 Assessment Priority Lien bill would require a lender which forecloses to pay up to 6 months of assessments and related charges due at the time of the foreclosure sale. The CAI initiative regarding assessment priority lien is known as The Residential Association Sustainability Act.

Although there is significant legislative support for Assessment Priority Lien legislation, the Maryland banking industry continues to oppose the bill. To convince legislators of the urgent need for the Assessment Priority Lien bill, the MD-LAC will be asking Maryland CAI members to provide specific information and examples of the financial hardship which associations are experiencing due to unpaid assessments.



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When the bill is introduced in late-January, CAI members should send an email to their Delegates and Senators to support The Residential Association Sustainability Act. Emails should also be sent to members of the House Environmental Matters Committee and Senate Judicial Proceedings Committee which will hold hearings on the legislation.

### State Registration for Associations

Another initiative of the MD-LAC for 2010 is legislation to require each condominium, homeowner association, and housing cooperative to register with the State of Maryland. This will facilitate better communication between government officials and Maryland associations regarding the rights and responsibilities of association board of directors and homeowners.

### Replacement Reserves and Developer Warranties

The MD-LAC will again support legislation regarding association reserves. The reserve legislation would require a study of major community facilities every 5 years. It is intended to help associations plan for replacement of common building components, roads, and recreation facilities.

Legislation will also be considered regarding developer warranties on condominium and homeowner association common areas. The bill expands the scope of condominium warranties by requiring certain condominium building components to be classified as common elements which have longer warranty periods than unit components. The warranty bill also extends the warranty period regarding common facilities in homeowner associations.

### How to Get Involved

The MD-LAC consists of 14 volunteer CAI members, including attorneys, managers and homeowners from the Chesapeake Region Chapter and Washington Metropolitan Chapter. The members of the MD-LAC are: Kathleen Elmore, Esq., Chair; Julie Dymowski, Esq., Vice-Chair; Phyllis Marsh, Treasurer; Derek Thompson, Secretary; Bruce Campbell, PCAM; David Caplan, PCAM; Everett Casey; Steven G. Landsman, PCAM; Sharon Levine, AMS; Buck Mann, CMCA; Susan Rapaport, Esq.; and Edithann Schaffer, AMS; Thomas C. Schild, Esq., and Jeremy Tucker, Esq.

The MD-LAC is assisted by professional lobbyists Lisa Harris Jones, Esq. and Sean Malone, Esq. in representing CAI before the Maryland General Assembly.

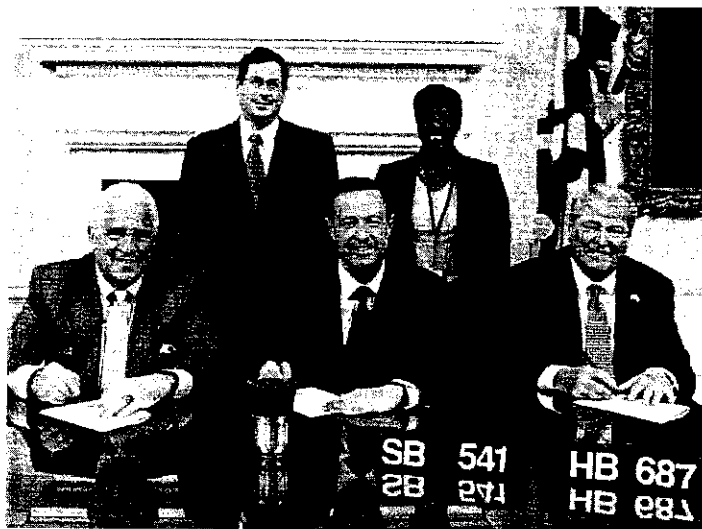
MD-LAC reviews dozens of bills and decides whether to support the bill, offer amendments which improve the bill, or oppose the bill outright. It opposes many bills each year because of proposed changes in law are unnecessary or burdensome to associations.

To help the MD-LAC get “good” bills passed and “bad” bills defeated, here is how each CAI member can help:

1. Contact your legislators to support MD-LAC positions. To find your legislator for your home and business districts, go to the Maryland General Assembly website ([mlis.state.md.us](http://mlis.state.md.us)).
2. Sign up for the MD-LAC Legislator Contact Network to receive Legislative Alerts letting you know who to contact and when to take action. To sign up, contact the Chapter office.
3. Share your comments about proposed bills with the MD-LAC so it can give legislators specific examples how bills will impact associations.
4. Monitor the status of legislation by checking The Maryland General Assembly website, [mlis.state.md.us](http://mlis.state.md.us).
5. Provide financial support to the MD-LAC. Although the MD-LAC receives financial support through the CAI National Office and the Chesapeake Region Chapter and Washington Metropolitan Chapter, additional funds are needed to allow MD-LAC to continue its activities in representing CAI before the Maryland General Assembly.

The members of the MD-LAC can be contacted directly or through the Chesapeake Region Chapter Office.

*Thomas C. Schild, Esq., an attorney with Thomas Schild Law Group, LLC of Rockville, Maryland, represents associations throughout Maryland. He is Immediate Past Chair of CAI's Maryland Legislative Action Committee and a member of CAI's National Faculty.*



*Thomas C. Schild of CAI's Maryland Legislative Action Committee and Delegate Aisha Braveboy watch as Governor Martin O'Malley, Senate President Mike Miller and House Speaker Mike Busch sign fidelity insurance legislation on April 14, 2009.*