

HOUSE BILL 1195

N1, I2

3lr2461

By: **Delegate M. Washington**

Introduced and read first time: February 8, 2013

Assigned to: Economic Matters and Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Condominiums – Individual Exceptions to Limitations on Rentals**

3 FOR the purpose of requiring a person licensed to make consumer loans under certain
4 provisions of law and a lender who makes a secondary mortgage loan to
5 consider a condominium unit rented under a certain exception to be
6 owner-occupied for certain loan purposes; requiring a credit grantor to consider
7 a condominium unit rented under a certain exception to be owner-occupied for
8 certain extensions of revolving credit or extensions of closed-end credit;
9 requiring the governing body of a condominium to grant a certain individual
10 exception to any provision in the declaration, bylaws, or rules of the
11 condominium that limits rentals under certain circumstances; requiring a
12 condominium unit owner to be granted a certain exception if the unit owner
13 submits a certain written request and certain evidence; establishing the term of
14 an exception granted under this Act; defining a certain term; providing for the
15 application of this Act; and generally relating to individual exceptions to
16 limitations on condominium rentals.

17 BY adding to

18 Article – Commercial Law
19 Section 12-305.1, 12-403.2, 12-902.1, and 12-1002.1
20 Annotated Code of Maryland
21 (2005 Replacement Volume and 2012 Supplement)

22 BY adding to

23 Article – Real Property
24 Section 11-111.4
25 Annotated Code of Maryland
26 (2010 Replacement Volume and 2012 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **Article – Commercial Law**2 **12-305.1.**

3 IN GRANTING OR DENYING AN APPLICATION FOR A LOAN OR IN
4 DETERMINING THE INTEREST RATE ON THE LOAN, A LICENSEE SHALL CONSIDER
5 A CONDOMINIUM UNIT RENTED UNDER AN EXCEPTION GRANTED UNDER §
6 11-111.4 OF THE REAL PROPERTY ARTICLE TO BE OWNER-OCCUPIED FOR THE
7 PURPOSES OF THE LOAN.

8 **12-403.2.**

9 IN GRANTING OR DENYING ANY APPLICATION FOR A LOAN OR IN
10 DETERMINING THE INTEREST RATE ON THE LOAN, A LENDER SHALL CONSIDER
11 A CONDOMINIUM UNIT RENTED UNDER AN EXCEPTION GRANTED UNDER §
12 11-111.4 OF THE REAL PROPERTY ARTICLE TO BE OWNER-OCCUPIED FOR THE
13 PURPOSES OF THE LOAN.

14 **12-902.1.**

15 IN GRANTING OR DENYING ANY APPLICATION FOR AN EXTENSION OF
16 REVOLVING CREDIT OR IN DETERMINING THE INTEREST RATE ON THE
17 EXTENSION OF REVOLVING CREDIT, A CREDIT GRANTOR SHALL CONSIDER A
18 CONDOMINIUM UNIT RENTED UNDER AN EXCEPTION GRANTED UNDER §
19 11-111.4 OF THE REAL PROPERTY ARTICLE TO BE OWNER-OCCUPIED FOR THE
20 PURPOSES OF THE EXTENSION OF REVOLVING CREDIT.

21 **12-1002.1.**

22 IN GRANTING OR DENYING ANY APPLICATION FOR AN EXTENSION OF
23 CLOSED-END CREDIT OR IN DETERMINING THE INTEREST RATE ON THE
24 EXTENSION OF CLOSED-END CREDIT, A CREDIT GRANTOR SHALL CONSIDER A
25 CONDOMINIUM UNIT RENTED UNDER AN EXCEPTION GRANTED UNDER §
26 11-111.4 OF THE REAL PROPERTY ARTICLE TO BE OWNER-OCCUPIED FOR THE
27 PURPOSES OF THE EXTENSION OF CLOSED-END CREDIT.

28 **Article – Real Property**29 **11-111.4.**

30 (A) IN THIS SECTION, “FINANCIAL EVENT” MEANS:

31 (1) A REDUCTION IN HOUSEHOLD INCOME THAT EXCEEDS 50%;

1 (2) AN INCREASE IN HOUSEHOLD EXPENSES THAT IS 33% OR
2 GREATER;

3 (3) THE DEATH OF THE UNIT OWNER OR THE UNIT OWNER'S
4 SPOUSE;

5 (4) A CHANGE IN THE LOCATION OF THE UNIT OWNER'S
6 PERMANENT EMPLOYMENT OR THE PERMANENT EMPLOYMENT OF THE UNIT
7 OWNER'S SPOUSE THAT IS 50 MILES OR FARTHER FROM THE UNIT;

8 (5) MILITARY DEPLOYMENT OF THE UNIT OWNER OR THE UNIT
9 OWNER'S SPOUSE OF 12 MONTHS OR MORE; OR

10 (6) DIVORCE OF THE UNIT OWNER FROM ANOTHER PERSON.

11 (B) ON REQUEST OF A UNIT OWNER WHO MEETS THE REQUIREMENTS
12 OF THIS SECTION, A GOVERNING BODY SHALL GRANT AN INDIVIDUAL
13 EXCEPTION TO ANY PROVISION IN THE DECLARATION, BYLAWS, OR RULES OF
14 THE CONDOMINIUM THAT LIMITS THE NUMBER OR PERCENT OF UNITS THAT
15 MAY BE RENTED.

16 (C) A UNIT OWNER SHALL BE GRANTED AN INDIVIDUAL EXCEPTION
17 UNDER SUBSECTION (B) OF THIS SECTION IF THE UNIT OWNER SUBMITS TO THE
18 GOVERNING BODY:

19 (1) A WRITTEN REQUEST FOR AN INDIVIDUAL EXCEPTION; AND

20 (2) EVIDENCE THAT:

21 (I) THE UNIT OWNER HAS HAD A FINANCIAL EVENT;

22 (II) THE UNIT IS THE UNIT OWNER'S PRIMARY RESIDENCE;

23 (III) THE UNIT OWNER WAS A RESIDENT OF THE STATE AT
24 THE TIME OF THE FINANCIAL EVENT; AND

25 (IV) THE APPRAISED VALUE OF THE UNIT IS LESS THAN 90%
26 OF THE AMOUNT THAT IS OWED ON THE CONDOMINIUM.

27 (D) THE TERM OF AN EXCEPTION GRANTED UNDER SUBSECTION (B) OF
28 THIS SECTION IS 3 YEARS.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
2 construed to apply only prospectively and may not be applied or interpreted to have
3 any effect on or application to any loan or interest rate determination made before the
4 effective date of this Act.

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