

HOUSE BILL 449

N1

5lr1915
CF SB 446

By: **Delegate Holmes**

Introduced and read first time: January 16, 2025

Assigned to: Environment and Transportation

Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 22, 2025

CHAPTER _____

1 AN ACT concerning

2 **Condominiums – Property Insurance Deductibles – Unit Owner Responsibility**

3 FOR the purpose of increasing the maximum amount of the council of unit owners' property
4 insurance deductible for which a unit owner is responsible under certain
5 circumstances; providing that a contract for the resale of a condominium unit by a
6 unit owner other than the developer is not enforceable unless it contains a written
7 notice of the unit owner's responsibility for the amount of the deductible where
8 damage or destruction originates from a unit; and generally relating to condominium
9 unit owners' responsibility for the council of unit owners' insurance deductibles.

10 BY repealing and reenacting, without amendments,
11 Article – Real Property
12 Section 11–114(a) and (i)
13 Annotated Code of Maryland
14 (2023 Replacement Volume and 2024 Supplement)

15 BY repealing and reenacting, with amendments,
16 Article – Real Property
17 Section 11–114(g) and 11–135(a)(6) and (b)(5)
18 Annotated Code of Maryland
19 (2023 Replacement Volume and 2024 Supplement)

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

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.



1 **Article – Real Property**

2 11–114.

3 (a) Commencing not later than the time of the first conveyance of a unit to a
4 person other than the developer, the council of unit owners shall maintain, to the extent
5 reasonably available:

6 (1) Property insurance against risks of direct physical loss commonly
7 insured against in amounts determined by the council of unit owners, but not less than any
8 amounts specified in the declaration or bylaws:

9 (i) For attached units, multifamily dwelling units, or detached units
10 located within a condominium not composed entirely of similar detached units, on the
11 common elements and units, exclusive of improvements and betterments installed in units
12 by unit owners other than the developer; and

13 (ii) For detached units located within a condominium composed
14 entirely of similar detached units, on the common elements; and

15 (2) Comprehensive general liability insurance, including medical
16 payments insurance, in an amount determined by the council of unit owners, but not less
17 than any amount specified in the declaration or bylaws, covering occurrences commonly
18 insured against for death, bodily injury, and property damage arising out of or in connection
19 with the use, ownership, or maintenance of the common elements.

20 (g) (1) Subject to the applicable coverage specified under subsection (a)(1) of
21 this section, any portion of the common elements and the units, exclusive of improvements
22 and betterments installed in the units by unit owners other than the developer, damaged
23 or destroyed shall be repaired or replaced promptly by the council of unit owners unless:

24 (i) The condominium is terminated;

25 (ii) Repair or replacement would be illegal under any State or local
26 health or safety statute or ordinance; or

27 (iii) 80 percent of the unit owners, including every owner of a unit or
28 assigned limited common element which will not be rebuilt, vote not to rebuild.

29 (2) (i) 1. The cost of repair or replacement in excess of insurance
30 proceeds and reserves is a common expense.

31 2. A property insurance deductible is not a cost of repair or
32 replacement in excess of insurance proceeds.

33 (ii) If the cause of any damage to or destruction of any portion of the
34 condominium originates from the common elements or an event outside of the condominium

1 units and common elements, the council of unit owners' property insurance deductible is a
2 common expense.

3 (iii) 1. If the cause of any damage to or destruction of any portion
4 of the condominium originates from a unit, the owner of the unit where the cause of the
5 damage or destruction originated is responsible for the council of unit owners' property
6 insurance deductible not to exceed ~~[\$10,000]~~ **\$25,000**.

7 2. The council of unit owners shall inform each unit owner
8 annually in writing of:

9 A. The unit owner's responsibility for the council of unit
10 owners' property insurance deductible; and

11 B. The amount of the deductible.

12 3. The council of unit owners' property insurance deductible
13 amount exceeding the ~~[\$10,000]~~ **\$25,000** responsibility of the unit owner is a common
14 expense.

15 (iv) In the same manner as provided under § 11–110 of this title, the
16 council of unit owners may make an annual assessment against the unit owner responsible
17 under subparagraph (iii) of this paragraph.

18 (3) If the damaged or destroyed portion of the condominium is not repaired
19 or replaced:

20 (i) The insurance proceeds attributable to the damaged common
21 elements shall be used to restore the damaged area to a condition compatible with the
22 remainder of the condominium;

23 (ii) The insurance proceeds attributable to units and limited
24 common elements which are not rebuilt shall be distributed to the owners of those units
25 and the owners of the units to which those limited common elements were assigned; and

26 (iii) The remainder of the proceeds shall be distributed to all the unit
27 owners in proportion to their percentage interest in the common elements.

28 (4) (i) If the unit owners vote not to rebuild any unit, that unit's entire
29 common element interest, votes in the council of unit owners, and common expense liability
30 are automatically reallocated upon the vote as if the unit had been condemned under §
31 11–112 of this title, and the council of unit owners promptly shall prepare, execute, and
32 record an amendment to the declaration reflecting the reallocations.

33 (ii) Notwithstanding the provisions of this subsection, § 11–123 of
34 this title governs the distribution of insurance proceeds if the condominium is terminated.

1 (i) The provisions of this section do not apply to a condominium all of whose units
2 are intended for nonresidential use.

3 11-135.

4 (a) Except as provided in subsection (b) of this section, a contract for the resale of
5 a unit by a unit owner other than a developer is not enforceable unless the contract of sale
6 contains in conspicuous type a notice in the form specified in subsection (g)(1) of this
7 section, and the unit owner furnishes to the purchaser not later than 15 days prior to
8 closing:

9 (6) A written notice of the unit owner’s responsibility for the council of unit
10 owners’ property insurance deductible and the amount of the deductible, INCLUDING THE
11 UNIT OWNER’S RESPONSIBILITY WHEN DAMAGE OR DESTRUCTION ORIGINATES
12 FROM A UNIT.

13 (b) A contract for the resale by a unit owner other than a developer of a unit in a
14 condominium containing less than 7 units is not enforceable unless the contract of sale
15 contains in conspicuous type a notice in the form specified in subsection (g)(2) of this
16 section, and the unit owner furnishes to the purchaser not later than 15 days prior to
17 closing:

18 (5) A written notice of the unit owner’s responsibility for the council of unit
19 owners’ property insurance deductible and the amount of the deductible, INCLUDING THE
20 UNIT OWNER’S RESPONSIBILITY WHEN DAMAGE OR DESTRUCTION ORIGINATES
21 FROM A UNIT.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 October 1, 2025.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.