

Article - Real Property

[\[Previous\]](#)[\[Next\]](#)

§11–123.

(a) Except in the case of a taking of all the units by eminent domain under § 11-112 of this title, a condominium may be terminated only by agreement of unit owners of units to which at least 80 percent of the votes in the council of unit owners are allocated, or any larger percentage the declaration specifies. The declaration may specify a smaller percentage only if all of the units in the condominium are restricted exclusively to nonresidential uses.

(b) An agreement of unit owners to terminate a condominium must be evidenced by their execution of a termination agreement or ratifications thereof. If, pursuant to a termination agreement, the real estate constituting the condominium is to be sold following termination, the termination agreement must set forth the terms of the sale. A termination agreement and all ratifications thereof must be recorded in every county in which a portion of the condominium is situated, and is effective only upon recordation.

(c) The council of unit owners, on behalf of the unit owners, may contract for the sale of the condominium, but the contract is not binding on the unit owners until approved pursuant to subsections (a) and (b) of this section. If the real estate constituting the condominium is to be sold following termination, title to that real estate, upon termination, vests in the council of unit owners as trustee for the holders of all interest in the units. Thereafter, the council of unit owners has all powers necessary and appropriate to effect the sale. Until the sale has been concluded and the proceeds thereof distributed, the council of unit owners continues in existence with all powers it had before termination. Proceeds of the sale shall be distributed to unit owners and lien holders as their interests may appear, in proportion to the respective interests of unit owners as provided in subsection (f) of this section. Unless otherwise specified in the termination agreement, as long as the council of unit owners holds title to the real estate, each unit owner and his successors in interest have an exclusive right to occupancy of the portion of the real estate that formerly constituted his unit. During the period of that occupancy, each unit owner and his successors in interest remain liable for all assessments and other obligations imposed on unit owners by this title or the declaration.

(d) If the real estate constituting the condominium is not to be sold following termination, title to the real estate, upon termination, vests in the unit owners as tenants in common in proportion to their respective interests as provided in subsection (f) of this section, and liens on the units shift accordingly. While the tenancy in common exists, each unit owner and his successors in interest have an

exclusive right to occupancy of the portion of the real estate that formerly constituted his unit.

(e) Following termination of the condominium, and after payment of or provision for the claims of the creditors of the council of unit owners, the assets of the council of unit owners shall be distributed to unit owners in proportion to their respective interests as provided in subsection (f) of this section. The proceeds of sale described in subsection (c) of this section and held by the council of unit owners as trustee are not assets of the council of unit owners.

(f) The respective interests of unit owners referred to in subsections (c), (d), and (e) of this section are as follows:

(1) Except as provided in paragraph (2) of this subsection, the respective interests of unit owners are the fair market values of their units, limited common elements, and common element interests immediately before the termination, as determined by one or more independent appraisers selected by the council of unit owners. The decision of the independent appraisers shall be distributed to the unit owners and becomes final unless disapproved within 30 days after distribution by unit owners of units to which 25 percent of the votes are allocated. The proportion of any unit owner's interest to that of all unit owners is determined by dividing the fair market value of that unit owner's unit and common element interest by the total fair market values of all the units and common elements.

(2) If any unit or any limited common element is destroyed to the extent that an appraisal of the fair market value thereof prior to destruction cannot be made, the interests of all unit owners are their respective common element interests immediately before the termination.

(g) Foreclosure or enforcement of a lien or encumbrance against the entire condominium does not of itself terminate the condominium, and foreclosure or enforcement of a lien or encumbrance against a portion of the condominium does not withdraw that portion from the condominium.

[\[Previous\]](#)[\[Next\]](#)