

Department of Legislative Services  
Maryland General Assembly  
2000 Session

**FISCAL NOTE**  
**Revised**

Senate Bill 491 (Senator Jacobs)

Judicial Proceedings

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**Real Property - Maryland Condominium Act - Unit Owner Liability**

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This bill requires a condominium unit owner to pay the council of unit owners' property insurance deductible, up to \$1,000, when the cause of any damage or destruction: (1) originates from the unit of the owner; and (2) results from a tortious act or omission of the unit owner. The bill provides that a property insurance deductible is not a cost of repair or replacement in excess of insurance proceeds. The bill authorizes the council of unit owners to make an annual assessment against the unit owner responsible for the deductible. The amount of the deductible in excess of the unit owner's \$1,000 responsibility is a common expense.

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**Fiscal Summary**

**State Effect:** Assuming that the Consumer Protection Division will receive fewer than 50 complaints per year stemming from this bill, existing resources should be adequate to handle any additional workload.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** A condominium council of unit owners must maintain, to the extent reasonably available, comprehensive general liability insurance and property insurance on the common elements and units, excluding improvements installed in units by unit owners. Each unit owner is an insured person under the policy with respect to liability arising out of the owner's ownership of an undivided interest in the common elements or membership in the

council of unit owners. The cost of repair or replacement in excess of insurance proceeds and reserves is a common expense. With certain exceptions, any portion of the condominium damaged or destroyed must be repaired or replaced by the council of unit owners.

Funds for payment of current common expenses and for the creation of reserves for the payment of future common expenses must be obtained by assessments against the unit owners in proportion to their percentage interests in common expenses and common profits.

A unit owner is liable for all assessments, or installments thereof, coming due while owning the unit. Payment of assessments, together with interest, late fees, costs of collection, and reasonable attorney's fees may be enforced by the imposition of a lien on a unit in accordance with the Maryland Contract Lien Act.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Office of the Attorney General (Consumer Protection Division), Office of the Secretary of State, Department of Legislative Services

**Fiscal Note History:** First Reader - March 6, 2000  
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