SENATE BILL 175

N1 0lr1637 CF HB 108

By: Senator West

Introduced and read first time: January 13, 2020

Assigned to: Judicial Proceedings

Committee Report: Favorable

Senate action: Adopted

Read second time: February 12, 2020

CHAPTER

1 AN ACT concerning

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Condominiums – Responsibility for Property Insurance Deductibles

- FOR the purpose of altering, in the case of a council of unit owners' responsibility to repair damage to or replace certain portions of a condominium, the circumstances under which the council of unit owners' property insurance deductible is a common expense; increasing the maximum amount of the council of unit owners' property insurance deductible for which a unit owner is responsible under certain circumstances; making a conforming change; providing for the application of this Act; and generally relating to the responsibility for property insurance deductibles in condominiums.
- 10 BY repealing and reenacting, with amendments,
- 11 Article Real Property
- 12 Section 11–114(g)
- 13 Annotated Code of Maryland
- 14 (2015 Replacement Volume and 2019 Supplement)
- 15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
- 16 That the Laws of Maryland read as follows:

Article - Real Property

18 11–114.

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19 (g) (1) Any portion of the common elements and the units, exclusive of 20 improvements and betterments installed in the units by unit owners other than the

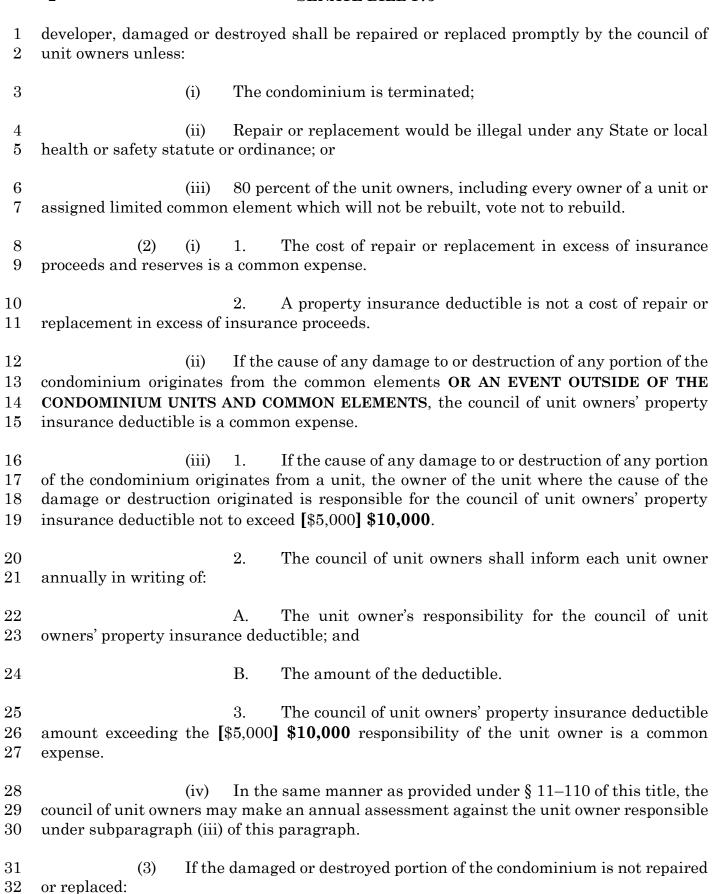
EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

<u>Underlining</u> indicates amendments to bill.

Strike out indicates matter stricken from the bill by amendment or deleted from the law by amendment.





The insurance proceeds attributable to the damaged common

(i)

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$\frac{1}{2}$	elements shall be used to restore the damaged area to a condition compatible with the remainder of the condominium;
3 4 5	(ii) The insurance proceeds attributable to units and limited common elements which are not rebuilt shall be distributed to the owners of those units and the owners of the units to which those limited common elements were assigned; and
6 7	(iii) The remainder of the proceeds shall be distributed to all the unit owners in proportion to their percentage interest in the common elements.
8 9 10 11 12 13 14	(4) If the unit owners vote not to rebuild any unit, that unit's entire common element interest, votes in the council of unit owners, and common expense liability are automatically reallocated upon the vote as if the unit had been condemned under § 11–112 of this title, and the council of unit owners promptly shall prepare, execute, and record an amendment to the declaration reflecting the reallocations. Notwithstanding the provisions of this subsection, § 11–123 of this title governs the distribution of insurance proceeds if the condominium is terminated.
15 16 17 18	SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all policies of property and casualty insurance issued, delivered, or renewed in the State to a condominium council of unit owners as required under § 1–114 of the Real Property Article on or after October 1, 2020.
19 20	SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2020.
	Approved:
	Governor.
	President of the Senate.
	Speaker of the House of Delegates