

HOUSE BILL 449

N1

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By: **Delegate Holmes**

Introduced and read first time: January 16, 2025

Assigned to: Environment and Transportation

A BILL ENTITLED

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; and generally relating to condominium unit owners' responsibility for
6 the council of unit owners' insurance deductibles.

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

12 BY repealing and reenacting, with amendments,
13 Article – Real Property
14 Section 11–114(g)
15 Annotated Code of Maryland
16 (2023 Replacement Volume and 2024 Supplement)

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

19 **Article – Real Property**

20 11–114.

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

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

19 (i) The condominium is terminated;

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

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

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

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

28 (ii) If the cause of any damage to or destruction of any portion of the
29 condominium originates from the common elements or an event outside of the condominium
30 units and common elements, the council of unit owners' property insurance deductible is a
31 common expense.

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

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

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

5 B. The amount of the deductible.

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

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

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

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

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

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

22 (4) (i) If the unit owners vote not to rebuild any unit, that unit's entire
23 common element interest, votes in the council of unit owners, and common expense liability
24 are automatically reallocated upon the vote as if the unit had been condemned under §
25 11-112 of this title, and the council of unit owners promptly shall prepare, execute, and
26 record an amendment to the declaration reflecting the reallocations.

27 (ii) Notwithstanding the provisions of this subsection, § 11-123 of
28 this title governs the distribution of insurance proceeds if the condominium is terminated.

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

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