N1 5lr0907 CF 5lr2588

By: Senator King

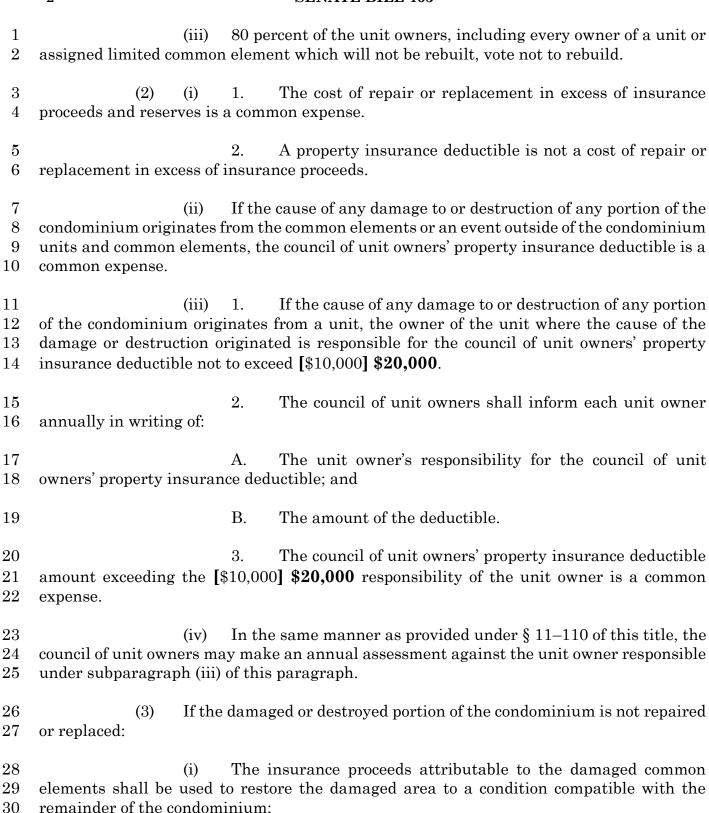
Introduced and read first time: January 21, 2025

Assigned to: Judicial Proceedings

## A BILL ENTITLED

1	AN ACT concerning
2 3	Real Property – Condominiums – Responsibility for Property Insurance Deductibles
4 5 6 7	FOR the purpose of increasing the maximum amount of the council of unit owners' property insurance deductible for which a unit owner is responsible under certain circumstances; and generally relating to the responsibility for property insurance deductibles in condominiums.
8 9 10 11 12	BY repealing and reenacting, with amendments, Article – Real Property Section 11–114(g) Annotated Code of Maryland (2023 Replacement Volume and 2024 Supplement)
13 14	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:
15	Article - Real Property
16	11–114.
17 18 19 20	(g) (1) Subject to the applicable coverage specified under subsection (a)(1) of this section, any portion of the common elements and the units, exclusive of improvements and betterments installed in the units by unit owners other than the developer, damaged or destroyed shall be repaired or replaced promptly by the council of unit owners unless:
21	(i) The condominium is terminated;
22 23	(ii) Repair or replacement would be illegal under any State or local health or safety statute or ordinance; or





31 (ii) The insurance proceeds attributable to units and limited 32 common elements which are not rebuilt shall be distributed to the owners of those units 33 and the owners of the units to which those limited common elements were assigned; and 1 (iii) The remainder of the proceeds shall be distributed to all the unit 2 owners in proportion to their percentage interest in the common elements.

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- (4) (i) 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.
- 8 (ii) Notwithstanding the provisions of this subsection, § 11–123 of this title governs the distribution of insurance proceeds if the condominium is terminated.
- 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 § 11–114 of the Real Property Article on or after October 1, 2025.
- SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2025.