

SENATE BILL 332

N1
HB 449/25 – ENT

6lr1721

By: **Senator Kramer**

Introduced and read first time: January 23, 2026

Assigned to: Judicial Proceedings

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; providing that a contract for the resale of a condominium unit by a
6 unit owner other than the developer is not enforceable unless it contains a written
7 notice of the unit owner's responsibility for the amount of the deductible where
8 damage or destruction originates from a unit; and generally relating to condominium
9 unit owners' responsibility for the council of unit owners' insurance deductibles.

10 BY repealing and reenacting, without amendments,
11 Article – Real Property
12 Section 11–114(a) and (i)
13 Annotated Code of Maryland
14 (2023 Replacement Volume and 2025 Supplement)

15 BY repealing and reenacting, with amendments,
16 Article – Real Property
17 Section 11–114(g) and 11–135(a)(6) and (b)(5)
18 Annotated Code of Maryland
19 (2023 Replacement Volume and 2025 Supplement)

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

22 **Article – Real Property**

23 11–114.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

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

(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:

(i) The condominium is terminated;

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

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

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

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

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

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

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

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

B. The amount of the deductible.

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

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

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

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

(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

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

(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.

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

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

1 11–135.

2 (a) Except as provided in subsection (b) of this section, a contract for the resale of
3 a unit by a unit owner other than a developer is not enforceable unless the contract of sale
4 contains in conspicuous type a notice in the form specified in subsection (g)(1) of this
5 section, and the unit owner furnishes to the purchaser not later than 15 days prior to
6 closing:

7 (6) A written notice of the unit owner’s responsibility for the council of unit
8 owners’ property insurance deductible and the amount of the deductible, **INCLUDING THE**
9 **UNIT OWNER’S RESPONSIBILITY WHEN DAMAGE OR DESTRUCTION ORIGINATES**
10 **FROM A UNIT.**

11 (b) A contract for the resale by a unit owner other than a developer of a unit in a
12 condominium containing less than 7 units is not enforceable unless the contract of sale
13 contains in conspicuous type a notice in the form specified in subsection (g)(2) of this
14 section, and the unit owner furnishes to the purchaser not later than 15 days prior to
15 closing:

16 (5) A written notice of the unit owner’s responsibility for the council of unit
17 owners’ property insurance deductible and the amount of the deductible, **INCLUDING THE**
18 **UNIT OWNER’S RESPONSIBILITY WHEN DAMAGE OR DESTRUCTION ORIGINATES**
19 **FROM A UNIT.**

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2026.