

Department of Legislative Services  
Maryland General Assembly  
2026 Session

FISCAL AND POLICY NOTE  
First Reader

Senate Bill 633 (Senator Ready)  
Judicial Proceedings

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**Condominiums - Unit Owner Responsibility for Damage or Destruction**

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This bill alters the responsibility for repairing or replacing damaged or destroyed portions of a condominium when the damage originated from a particular unit. Specifically, the bill repeals an owner's \$10,000 maximum liability and instead establishes that the owner of the unit in which the damage originated is liable for the full cost of all repair or replacement. The bill also makes various conforming changes.

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**Fiscal Summary**

**State Effect:** To the extent that the Maryland Insurance Administration (MIA) requires new filings to ensure that policy forms and rates conform with the bill's requirements, special fund revenues increase minimally. MIA can use existing resources to accommodate any additional document review necessary.

**Local Effect:** The bill is not anticipated to materially affect local government operations or finances.

**Small Business Effect:** Minimal.

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**Analysis**

**Bill Summary/Current Law:** No later than the first conveyance of a condominium unit to a person other than the developer, the council of unit owners must maintain, to the extent reasonably available:

- property insurance in amounts determined by the council of unit owners, but no less than any amount specified in the declaration or bylaws (1) for attached, multifamily

dwelling units, or detached units located within a condominium not composed entirely of similarly detached units, on the common elements and units, exclusive of improvements and betterments installed in units by unit owners other than the developer and (2) for detached units located within a condominium composed entirely of similar detached units, on the common elements only; and

- comprehensive general liability insurance, as specified.

If any portion of the common elements and the units (generally exclusive of improvements/betterments installed in the units by owners) is damaged or destroyed, it must promptly be repaired or replaced by the council of unit owners unless (1) the condominium is terminated; (2) repair or replacement would be illegal under any State or local health or safety statute or ordinance; or (3) 80% of the unit owners, including every owner of a unit or assigned limited common element which will not be rebuilt, vote not to rebuild.

Generally, the cost of repair or replacement in excess of insurance proceeds and reserves is a common expense. A property insurance deductible is not a cost of repair or replacement in excess of insurance proceeds. When damage or destruction within the condominium originates from a unit, the owner of that unit is responsible for the council of unit owners' property insurance deductible, up to a maximum of \$10,000. The bill eliminates this limit and instead establishes that the owner is responsible for the *full* cost of repair or replacement of the damaged or destroyed portion of the condominium.

Under current law, unit owners must be informed annually in writing of their responsibility for the council of unit owners' property insurance deductible and the deductible's amount. Any deductible amount exceeding the \$10,000 for which a unit owner is responsible constitutes a common expense. *Under the bill*, the council must inform the owners of (1) the unit owner's responsibility for the full cost of repair or replacement for damage or destruction that originated from the owner's unit; (2) the unit owner's responsibility for a portion of the council's insurance deductible if damage or destruction of any portion of the condominium originates from the common elements or an event outside the condominium; and (3) the amount of the deductible.

Under current law, if the damaged or destroyed portion of the condominium is not repaired or replaced, the insurance proceeds attributable to the damaged common elements must be used to restore the damaged area to a condition compatible with the remainder of the condominium. The insurance proceeds attributable to units and limited common elements that are not rebuilt must be distributed to the owners of those units and the owners of the units to which those limited common elements were assigned. Any remaining proceeds must be distributed to all the unit owners in proportion to their interest in the common elements. The bill specifies that the application of this distribution method is limited to

instances in which the damage or destruction originated in the common elements or resulted from an event occurring outside the condominium.

Under the bill, if the damage or destruction to the condominium originated from a unit and the condominium is not repaired or replaced (1) the damage or destroyed area must be restored to a condition compatible with the remainder of the condominium, and (2) the owner of the originating unit is responsible for the cost to restore the damaged area.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** HB 1211 (Delegate Tomlinson) - Economic Matters.

**Information Source(s):** Office of the Attorney General (Consumer Protection Division); Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - February 15, 2026  
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