

HOUSE BILL 1135

Unofficial Copy
N1

1999 Regular Session
9r2513

By: **Delegate Brown**

Introduced and read first time: February 25, 1999

Assigned to: Rules and Executive Nominations

Re-referred to: Economic Matters, March 4, 1999

Committee Report: Favorable

House action: Adopted

Read second time: March 25, 1999

CHAPTER _____

1 AN ACT concerning

2 **Real Property - Recorded Options - Memorandum of Option**

3 FOR the purpose of providing for the recording of a memorandum of option; requiring
4 the inclusion of certain information in a memorandum of option; defining a
5 certain term; adding a memorandum of option to provisions of law concerning
6 certain notice of certain recorded options; providing for the application of this
7 Act; and generally relating to the recording of a memorandum of option.

8 BY adding to
9 Article - Real Property
10 Section 3-101(f)
11 Annotated Code of Maryland
12 (1996 Replacement Volume and 1998 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article - Real Property
15 Section 10-402
16 Annotated Code of Maryland
17 (1996 Replacement Volume and 1998 Supplement)

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

1 **Article - Real Property**

2 3-101.

3 (F) (1) IN THIS SUBSECTION, "OPTION" INCLUDES ANY AGREEMENT OR
4 CONTRACT CREATING:

5 (I) AN OPTION WITH RESPECT TO THE PURCHASE, LEASE, OR
6 GRANT OF PROPERTY; OR

7 (II) A RIGHT OF FIRST REFUSAL, A RIGHT OF FIRST OFFER, OR
8 SIMILAR RIGHT, WITH RESPECT TO THE PURCHASE, LEASE, OR GRANT OF PROPERTY.

9 (2) IN LIEU OF RECORDING AN OPTION AS PRESCRIBED ABOVE, A
10 MEMORANDUM OF THE OPTION, EXECUTED BY EACH PERSON WHO IS A PARTY TO
11 THE OPTION, MAY BE RECORDED WITH LIKE EFFECT.

12 (3) A MEMORANDUM OF OPTION THUS ENTITLED TO BE RECORDED
13 SHALL CONTAIN AT LEAST THE FOLLOWING INFORMATION WITH RESPECT TO THE
14 OPTION:

15 (I) THE NAME OF THE PARTIES TO THE OPTION;

16 (II) ANY ADDRESSES OF THE PARTIES SET FORTH IN THE OPTION;

17 (III) A REFERENCE TO THE OPTION, WITH ITS DATE OF EXECUTION;

18 (IV) A DESCRIPTION OF THE PROPERTY AFFECTED BY THE OPTION
19 IN THE FORM CONTAINED IN THE OPTION;

20 (V) THE NATURE OF THE RIGHT OR INTEREST CREATED;

21 (VI) IF STATED, THE TERM OF THE OPTION, WITH THE DATE OF
22 COMMENCEMENT AND THE DATE OF TERMINATION OF THE TERM; AND

23 (VII) IF THERE IS A RIGHT OF EXTENSION OR RENEWAL, THE
24 MAXIMUM PERIOD FOR WHICH OR DATE TO WHICH IT MAY BE RENEWED, AND ANY
25 DATE ON WHICH THE RIGHT OF EXTENSION OR RENEWAL IS EXERCISABLE.

26 (4) IF ANY DATE IS UNKNOWN, THEN THE MEMORANDUM OF OPTION
27 SHALL CONTAIN THE FORMULA, IF ANY, FROM WHICH THE DATE IS TO BE
28 COMPUTED.

29 10-402.

30 A recorded instrument, recorded modification, or any amendment of [them] A
31 RECORDED INSTRUMENT OR RECORDED MODIFICATION creating an option to
32 purchase property, OR ANY MEMORANDUM OF OPTION RECORDED UNDER § 3-101(F)
33 OF THIS ARTICLE ceases to be actual or constructive notice to any person or to put any
34 person on inquiry as to existence or exercise of the option, if:

- 1 (1) The instrument according to its terms has expired;
- 2 (2) One year has elapsed since the time of expiration; and
- 3 (3) No grant or other instrument has been recorded showing that the
4 option has been exercised.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
6 construed only prospectively and may not be applied or interpreted to have any effect
7 on or application to any memorandum of option recorded before the effective date of
8 this Act.

9 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 October 1, 1999.