

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1196

(Delegate Rosenberg)

Environmental Matters

Judicial Proceedings

Real Property - Recordation - Assignment of Option to Purchase Improved
Residential Real Property

This bill requires the execution and recordation in the land records of a written instrument evidencing an assignment for consideration of an option to purchase improved residential real property.

Fiscal Summary

State Effect: General and special fund revenues from recordation fees and surcharges would increase to the extent option assignments are recorded under the bill. Expenditures would not be affected.

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Current Law: Generally, an interest in real property, including an option, must be recorded in the land records in order to pass or take effect. Further, contract rights, including most options, are generally assignable; however, the assignment of an option is not specifically regulated under the State's recordation statute.

In lieu of recording the option, a memorandum of an option, executed by each party to the option, may be recorded. The memorandum must contain at least: (1) the name of the parties; (2) any addresses of the parties listed in the option; (3) a reference to the option, with its execution date; (4) a description of the property; (5) the nature of the right

or interest created; (6) if stated, the term of the option; and (7) if there is a right of extension or renewal, the maximum period for which or the date to which it may be renewed, and any date on which the right of extension or renewal is exercisable.

State Revenues: The recordation fee is \$20 for an instrument of nine or fewer pages in length or for an instrument involving solely a principal residence. The recordation fee is \$75 for other instruments of 10 or more pages in length. In addition, each recordable instrument is subject to a surcharge of \$20, which is deposited in the Circuit Court Real Property Records Improvement Fund. The number of assignments recorded under the bill cannot be accurately estimated; however, it is assumed that the number recorded would be minimal. It is further assumed that any assignment recorded under the bill would be nine or fewer pages. Therefore, general and special fund revenues would each increase by \$20 for each assignment recorded under the bill.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts), Department of Legislative Services

Fiscal Note History: First Reader - March 2, 2004
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