

HOUSE BILL 1257

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By: **Delegate Rosenberg**

Introduced and read first time: February 9, 2018

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Residential Leases – Lease Option Agreements – Required Statements**

3 FOR the purpose of requiring a lease option agreement to purchase improved residential
4 property, if executed on or after a certain date, to state in a certain manner that the
5 agreement is a lease governed by certain provisions of law and a tenant or
6 prospective tenant shall have certain rights and remedies; making stylistic changes;
7 and generally relating to lease option agreements.

8 BY repealing and reenacting, without amendments,

9 Article – Real Property

10 Section 1–101(h)

11 Annotated Code of Maryland

12 (2015 Replacement Volume and 2017 Supplement)

13 BY repealing and reenacting, with amendments,

14 Article – Real Property

15 Section 8–202

16 Annotated Code of Maryland

17 (2015 Replacement Volume and 2017 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

19 That the Laws of Maryland read as follows:

20 **Article – Real Property**

21 1–101.

22 (h) “Lease” means any oral or written agreement, express or implied, creating a
23 landlord and tenant relationship, including any “sublease” and any further sublease.

24 8–202.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) For the purposes of this section, a “lease option agreement” means any clause
2 in a lease agreement or separate document that confers on the tenant some power, either
3 qualified or unqualified, to purchase the landlord’s interest in the property.

4 (b) (1) A lease option agreement to purchase improved residential property,
5 with or without a ground rent[,]:

6 (I) IF executed after July 1, 1971, shall contain [a] THE
7 FOLLOWING statement in capital letters: “THIS IS NOT A CONTRACT TO BUY.”; AND

8 (II) IF EXECUTED ON OR AFTER JULY 1, 2018, SHALL ALSO
9 CONTAIN THE FOLLOWING STATEMENT IN CAPITAL LETTERS AND IN CLOSE
10 PROXIMITY TO THE TENANT’S SIGNATURE LINE:

11 **“THIS IS A LEASE GOVERNED BY TITLE 8 OF THE REAL PROPERTY**
12 **ARTICLE OF THE ANNOTATED CODE OF MARYLAND AND A TENANT OR**
13 **PROSPECTIVE TENANT SHALL HAVE ALL APPLICABLE RIGHTS AND**
14 **REMEDIES PROVIDED UNDER THAT TITLE.”.**

15 (2) In addition, the agreement shall contain a clear statement of its
16 purpose and effect with respect to the ultimate purchase of the property which is the subject
17 of the lease option.

18 (c) If a lease option agreement fails to comply with subsection (b) of this section
19 and is otherwise enforceable, the lease, the lease option agreement, or both may be voided
20 at the option of the party that did not draft the lease option agreement.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
22 1, 2018.