

HOUSE BILL 1257

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By: **Delegate Rosenberg**

Introduced and read first time: February 9, 2018

Assigned to: Environment and Transportation

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 14, 2018

CHAPTER _____

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~~ an integral part of the lease and is governed by certain
6 provisions of law and a tenant or prospective tenant shall have certain rights and
7 remedies; making stylistic changes; and generally relating to lease option
8 agreements.

9 BY repealing and reenacting, without amendments,
10 Article – Real Property
11 Section 1–101(h)
12 Annotated Code of Maryland
13 (2015 Replacement Volume and 2017 Supplement)

14 BY repealing and reenacting, with amendments,
15 Article – Real Property
16 Section 8–202
17 Annotated Code of Maryland
18 (2015 Replacement Volume and 2017 Supplement)

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

21 **Article – Real Property**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 1-101.

2 (h) "Lease" means any oral or written agreement, express or implied, creating a
3 landlord and tenant relationship, including any "sublease" and any further sublease.

4 8-202.

5 (a) For the purposes of this section, a "lease option agreement" means any clause
6 in a lease agreement or separate document that confers on the tenant some power, either
7 qualified or unqualified, to purchase the landlord's interest in the property.

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

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

12 (II) IF EXECUTED ON OR AFTER JULY 1, 2018, SHALL ALSO
13 CONTAIN THE FOLLOWING STATEMENT IN CAPITAL LETTERS AND IN CLOSE
14 PROXIMITY TO THE TENANT'S SIGNATURE LINE:

15 **"THIS IS A LEASE AGREEMENT IS AN INTEGRAL PART OF YOUR LEASE**
16 **AND IS GOVERNED BY TITLE 8 OF THE REAL PROPERTY ARTICLE OF**
17 **THE ANNOTATED CODE OF MARYLAND AND A TENANT OR**
18 **PROSPECTIVE TENANT SHALL HAVE ALL APPLICABLE RIGHTS AND**
19 **REMEDIES PROVIDED UNDER THAT TITLE."**

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

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

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
27 1, 2018.