

## Chapter 787

**(House Bill 1257)**

AN ACT concerning

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

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

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

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

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

**Article – Real Property**

1–101.

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

8–202.

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

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

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

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

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

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

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

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

**Approved by the Governor, May 15, 2018.**