

§ 47G-2. Minimum contents of option contracts; recordation.

(a) Writing Required. – Every option contract, including any assignment of an option contract, shall be evidenced by a contract signed and acknowledged by all parties to it and containing all the terms to which they have agreed. The seller shall deliver to the purchaser an exact copy of the contract, containing all the disclosures required by subsection (b) of this section, at the time the purchaser signs the contract.

(b) Contents. – An option contract shall contain at least all of the following:

- (1) The full names and addresses of all the parties to the contract.
- (2) The date the contract is signed by each party.
- (3) A legal description of the property to be conveyed subject to an option to purchase.
- (4) The sales price of the property to be conveyed subject to an option to purchase.
- (5) The option fee and any other fees or payments to be paid by each party to the contract.
- (6) All of the obligations that if breached by the purchaser will result in forfeiture of the option.
- (7) The time period during which the purchaser must exercise the option.
- (8) A statement of the rights of the purchaser to cure a default, including that the purchaser has the right to cure a default once in any 12-month period during the period of the covered lease agreement.
- (9) A conspicuous statement, in not less than 14-point boldface type, immediately above the purchaser's signature, that the purchaser has the right to cancel the contract at anytime until midnight of the third business day following execution of the option contract or delivery of the contract, whichever occurs last.

(c) Right to Cancel. – The purchaser may exercise the right to cancel the option contract until midnight of the third business day following execution of the option contract or delivery of a copy of the option contract, with the required minimum disclosures, whichever occurs last. If the purchaser cancels the option contract, the seller shall, not later than the tenth day after the date the seller receives the purchaser's notice of cancellation, return to the purchaser any and all property exchanged or payments made by the purchaser under the option contract minus an offset of an amount equal to the fair rental value of the use of the property during the duration of the purchaser's possession of the property plus an amount necessary to compensate the seller for any damages caused to the property by the purchaser beyond normal wear and tear.

(d) Recordation. – Within five business days after the option contract has been signed and acknowledged by both the seller and the purchaser, the seller shall cause a copy of the option contract or a memorandum of the option contract to be recorded in the office of the register of deeds in the county in which the property is located. If a memorandum of the contract is recorded, it shall be entitled "Memorandum of Option Contract" and shall contain, as a minimum, the names of the parties, the signatures of the parties, a description of the property, and applicable time periods as described in subdivisions (b)(7) and (8) of this section. A person other than a seller and purchaser may rely on the recorded materials in determining whether the requirements of this subsection have been met. The seller shall pay the fee to record the document unless the parties agree otherwise.

(e) Effect of Forfeiture. – Upon default and forfeiture after proper notice of default and intent to forfeit and failure of the purchaser to substantially cure the default, the purchaser's equitable right of redemption shall be extinguished by:

- (1) A mutual termination executed by the parties and recorded in the office of the register of deeds of the county in which the property is located, or
 - (2) A final judgment or court order entered by a court of competent jurisdiction that terminates the purchaser's rights to the property and extinguishes the equity of redemption. A certified copy of the order shall be recorded in the office of the register of deeds of the county in which the property is located pursuant to G.S. 1-228.
- (f) Instrument Ineffective. – No instrument purporting to extinguish the equity of redemption that is executed as a condition of the transaction or prior to a default will be effective. (2010-164, s. 3; 2015-178, s. 3.)