

2024 Regular Session

SENATE BILL NO. 506 (Substitute of Senate Bill No. 322 by Senator Edmonds)

BY SENATOR EDMONDS

REAL ESTATE. Provides for real estate service agreements. (gov sig)

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AN ACT

To enact R.S. 51:1429, relative to unfair and deceptive trade practices; to provide relative to real estate services and service agreement; to provide for the recording of real estate service agreements; to provide for penalties; to provide relative to terms, conditions, and procedures; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 51:1429 is hereby enacted to read as follows:

**§1429. Unfair or deceptive trade practice or act; real estate service agreements for residential property; recordation on immovable title prohibited**

**A. For the purposes of this Section, the following terms shall have the following meanings:**

**(1) "Real estate service agreement" means an agreement that does all of the following:**

**(a) Grants a right to a person or their designee to act as a real estate broker or real estate salesperson for the sale of the residential immovable property identified in the real estate service agreement.**

1           **(b) Provides for compensation to one or more owners of the residential**  
2           **immovable property identified in the real estate service agreement.**

3           **(2) "Residential immovable property" means immovable property**  
4           **consisting of one but not more than four residential dwelling units, which are**  
5           **buildings or structures, each of which are occupied or intended for occupancy**  
6           **as single-family residences.**

7           **B. No person shall do any of the following:**

8           **(1) Secure any obligation in a real estate service agreement by obtaining**  
9           **a security interest, lien, or mortgage, against residential immovable property.**

10           **(2) Record a real estate service agreement, or a notice, extract, or**  
11           **memorandum thereof, in the mortgage or conveyance records.**

12           **C. Any violation of the provisions of Subsection B of this Section shall be**  
13           **a deceptive and unfair trade practice and shall subject the violator to any action**  
14           **and penalty provided for in this Chapter, excluding private rights of action as**  
15           **provided in R.S. 51:1409 and 1409.1.**

16           **D. Any obligation arising out of a real estate service agreement shall not**  
17           **constitute a real right and is not effective or enforceable against a third person,**  
18           **whether or not the agreement under which it arises is recorded.**

19           **E. Any mortgage purporting to secure or purporting to create an**  
20           **encumbrance of any nature upon immovable property as security for**  
21           **obligations arising from a real estate service agreement is absolutely null.**

22           **F. If a real estate service agreement, or a notice, extract, or**  
23           **memorandum thereof, in the mortgage or conveyance records, is recorded, it**  
24           **shall not provide actual or constructive notice against an otherwise bona fide**  
25           **purchaser or creditor.**

26           **G. Notwithstanding any provision of law to the contrary, an interested**  
27           **person may petition the court for a writ of mandamus ordering the clerk of**  
28           **court to cancel a security interest, lien, mortgage, or to remove a real estate**  
29           **service agreement, or a notice, extract, or memorandum thereof, from any**

1 public record, without giving notice to any party to the real estate service  
 2 agreement or any of their successors or assigns.

3 H. The remedies and rights provided under this Section shall not  
 4 preclude any right or remedy otherwise authorized by law.

5 I. Nothing in this Section authorizes or shall be construed to authorize  
 6 a real estate salesperson or real estate broker to record a lien or privilege  
 7 against an owner's residential immovable property to secure payment of a  
 8 commission or other compensation.

9 J. This Section shall not apply to any of the following:

10 (1) A lien for a real estate broker commission on commercial real estate  
 11 pursuant to R.S. 9:2781.1.

12 (2) An option to purchase or right of refusal to purchase real estate.

13 (3) An agreement to manage residential real estate.

14 Section 2. This Act shall become effective upon signature by the governor or, if not  
 15 signed by the governor, upon expiration of the time for bills to become law without signature  
 16 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
 17 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
 18 effective on the day following such approval.

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The original instrument and the following digest, which constitutes no part  
 of the legislative instrument, were prepared by Xavier I. Alexander.

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DIGEST

SB 506 Engrossed

2024 Regular Session

Edmonds

Present law provides for the Unfair Trade Practices and Consumer Protection Law.

Proposed law defines "real estate service agreement" and "residential immovable property".

Proposed law retains present law and provides that no person shall secure any obligation in a real estate service agreement by obtaining a security interest, lien, or mortgage against residential immovable property or record a real estate service agreement in the mortgage or conveyance records, and provides that any person who violates the provisions of proposed law shall be subject to the person the provisions of preset law, excluding private rights of actions.

Proposed law provides that any violation arising out of a real estate service agreement does not constitute a real right and is not effective against third persons, whether or not the agreement is recorded.

Proposed law provides that any mortgage purporting to secure or create an encumbrance upon immovable property as security for an obligation arising from a real estate service agreement is absolutely null.

Proposed law provides that the recording of a real estate service agreement, or a notice, extract, or memorandum thereof, in the mortgage or conveyance records shall not provide actual or constructive notice against a bona fide purchaser or creditor.

Proposed law allows an interested person to petition the court for a writ of mandamus ordering the clerk of court to cancel a security interest, lien, mortgage, or to remove a real estate service agreement, or a notice, extract, or memorandum thereof, from any public record, without notice to any party to the real estate service agreement or any of their successors or assigns.

Proposed law shall not authorize a real estate salesperson or real estate broker to record a lien or privilege against an owner's residential immovable property to secure payment of a commission or other compensation.

Proposed law provides for applicability.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 51:1429)