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

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)