The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by McHenry Lee.

DIGEST

SB 404 Reengrossed 2016 Regular Session Peacock

Proposed law creates the Sale of Mineral Rights by Mail Solicitation Act.

Proposed law provides that the act does not apply to a sale of mineral rights by mail solicitation contracted subsequent to a prior personal contact that included a meaningful exchange between the transferor and the transferee.

Proposed law requires a disclosure on an instrument evidencing a sale of mineral rights by mail solicitation.

Proposed law provides that when an instrument evidencing the sale of mineral rights by mail solicitation contains the required disclosure, the transferor may rescind the agreement within 60 days after the date on which the transferor signs it. If the instrument does not contain the required disclosure, the transferor may rescind the agreement within three years after the date on which the transferor signs it.

Proposed law provides that when the instrument evidencing the sale of mineral rights by mail solicitation contains the required disclosure, a third person acquiring an interest in mineral rights from the transferee is subject to the effect of a notice of rescission filed within 90 days after the date of the filing of the instrument.

Proposed law provides that rescission will not be effective against a party to make royalty payments until 60 days after that party is furnished with a certified copy of the notice of rescission.

Proposed law requires a transferor who exercises the right to rescind to return any payments made by the transferee within 60 days.

Proposed law requires that when the right to rescind is exercised, the transferee must return any royalties or other payments, including interest, received by the transferee to the transferor within 60 days.

Proposed law provides that when the instrument does not contain the disclosure requirement, the transferee will be liable for attorney and court costs and allows the court to award further damages of an amount up to twice the sum of royalties and other payments received by the transferee.

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

(Adds R.S. 9:2991.1 - 2991.11)