

By: Raney

H.B. No. 4126

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of future listing right purchase contracts; imposing a fee; requiring an occupational registration.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 1101, Occupations Code, is amended by adding Subchapter R to read as follows:

SUBCHAPTER R. FUTURE LISTING RIGHT PURCHASE CONTRACT

Sec. 1101.851. DEFINITIONS. In this subchapter:

(1) "Future listing right purchase contract" means a contract entered into between a purchasing company and an owner of real estate that obligates the owner to enter into a real estate listing agreement with a particular person for the future sale of that real estate.

(2) "Purchasing company" means a person who purchases or offers to purchase a future listing right for real estate.

Sec. 1101.852. REGISTRATION REQUIRED. (a) A person may not act as a purchasing company unless the person is registered with the commission. A future listing right purchase contract is not enforceable if the purchasing company is not registered at the time the contract is executed.

(b) The commission by rule shall establish eligibility requirements for registration.

(c) An applicant for registration must submit an application on a form prescribed by the commission and pay a \$7,500

1 application fee.

2 (d) A registration is valid for two years.

3 (e) A person may renew an unexpired registration by paying
4 to the commission a renewal fee of \$5,000.

5 Sec. 1101.853. SURETY BOND. The commission may require a
6 registration holder to maintain a surety bond payable to the
7 commission in an amount prescribed by commission rule, not to
8 exceed \$50,000, for the benefit of a party who suffers damages
9 caused by the failure of the registration holder to fulfill
10 obligations under this subchapter.

11 Sec. 1101.854. PROHIBITED PRACTICES. A registration holder
12 may not:

13 (1) intentionally advertise materially false
14 information regarding the registration holder's products or
15 services; or

16 (2) contract for the right to establish the sales
17 price for real estate subject to a future listing right purchase
18 contract.

19 Sec. 1101.855. FUTURE LISTING RIGHT PURCHASE CONTRACT;
20 FORM. (a) The term of a future listing right purchase contract may
21 not exceed 30 years.

22 (b) A future listing right purchase contract must:

23 (1) include a provision authorizing:

24 (A) the real estate owner to cancel the contract
25 without penalty or further obligation not later than the fifth
26 business day after the date of funding by providing notice to the
27 purchasing company and returning the full amount of any disbursed

1 funds; and

2 (B) a person who inherits the real estate on the
3 death of the owner to cancel the contract not later than the 90th
4 day after the date of the owner's death by providing notice to the
5 purchasing company and returning the full amount of any disbursed
6 funds;

7 (2) state that the purchasing company has no right to
8 establish the sales price for the real estate subject to the
9 contract or to compel the owner to sell the real estate;

10 (3) state the purchase price and all charges and fees
11 to be paid under the contract; and

12 (4) require that a copy of the executed contract be
13 provided to the owner not later than the seventh business day after
14 the date the owner signs it.

15 (c) A future listing right purchase contract may be recorded
16 on the property to which it relates in the same manner as an
17 easement or mortgage.

18 (d) The commission shall adopt a form for a future listing
19 right purchase contract that may be used by a registration holder.

20 Sec. 1101.856. ASSIGNABILITY. A future listing right
21 purchase contract is assignable by the purchasing company.

22 Sec. 1101.857. APPLICABILITY OF OTHER LAW. A future listing
23 right purchase contract is not subject to state law governing loans
24 or investment contracts.

25 Sec. 1101.858. ENFORCEMENT. If a court determines that a
26 purchasing company has wilfully violated this subchapter by
27 deception in regard to entering into a future listing right

1 purchase contract, that contract is unenforceable.

2 SECTION 2. This Act takes effect September 1, 2023.