

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6376S.03A
Bill No.: SS for HB 2636 with SA 1
Subject: Mortgages and Deeds; Real and Personal Property; Uniform Laws
Type: Original
Date: May 14, 2026

Bill Summary: This proposal modifies provisions relating to transactions involving real estate.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§379.135 – Insurer’s Legal Title To Claim Paid

Oversight notes this provision states upon payment by an insurer of all or any part of a claimant's property damage claim, legal title to the portion of the claim paid shall vest in the insurer to the extent of such payment. No assignment or other action by the claimant shall be required for the insurer to enforce its legal title. The claimant shall retain legal title only to that portion of the property damage claim not paid by the insurer. Oversight assumes no fiscal impact from this provision.

§§442.920 – Missouri Residential Sale Leaseback Protection Act

In response to a previous version, officials from the **Office of Attorney General (AGO)** assumed any potential litigation costs arising from this proposal can be absorbed with existing resources. The AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation costs.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

Oversight assumes this amendment creates the “Missouri Residential Sale Leaseback Protection” act which regulates sale leasebacks. In any sale leaseback transaction, a buyer is required to provide the seller with certain disclosures, described in detail in the act, alerting the seller of the nature of the transaction and advising them of certain actions they may wish to take. Oversight notes any violation of this section may have a civil action brought to seek damages. Oversight assumes this will have a minimal fiscal impact and will not present an impact for fiscal note purposes.

Senate Amendment 1 – (§407.3600) – Disclosure by a Real Estate Wholesaler

In response to similar legislation, Perfected HCS for HB 2517, officials from the **Office of Attorney General (AGO)** assumed any potential litigation costs arising from this proposal can be absorbed with existing resources. The AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation costs. The AGO assumes because of the change in language in the substitute version of the bill allowing discretionary enforcement, the AGO would now assume no fiscal impact for this proposal.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

In response to similar legislation, Perfected HCS for HB 2517, officials from the **Office of the State Courts Administrator** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

In response to similar legislation, Perfected HCS for HB 2517, officials from the **City of Springfield** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Responses regarding the proposed legislation as a whole, as amended

Officials from the **Department of Commerce and Insurance, Department of Economic Development, City of Kansas City** and the **State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to a previous version, officials from the **Department of Labor and Industrial Relations** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities, counties, county assessors and county recorders were requested to respond to this proposed legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small businesses who operate as a wholesaler under the provisions of this proposal may be impacted. (§407.3600)

Modifying mortgage procedures could have a direct fiscal impact on banking businesses as a result of this proposal. (§§443.920 - 443.925)

FISCAL DESCRIPTION

This act creates new provisions relating to transactions involving real estate.

INSURER'S LEGAL TITLE TO CLAIM PAID (Section 379.135)

Upon payment by an insurer of all or any part of a claimant's property damage claim, legal title to the portion of the claim paid shall vest in the insurer to the extent of such payment. No assignment or other action by the claimant shall be required for the insurer to enforce its legal title. The claimant shall retain legal title only to that portion of the property damage claim not paid by the insurer. An insured under a policy of insurance shall not, before or after a claimed or covered loss, assign or otherwise transfer, in whole or in part, the insured's duties under the policy or any rights or benefits arising from the policy or any duties owed by the insurer under the policy. Any contract entered into in violation of this act shall be void and unenforceable. This act does not prohibit an insured from authorizing direct payment to, or to pay, a person for services, materials, or any other thing that may be, or is, covered under the policy.

MISSOURI RESIDENTIAL SALE LEASEBACK PROTECTION ACT (Section 442.920)

The act creates the "Missouri Residential Sale Leaseback Protection" act, which regulates sale leasebacks. A sale leaseback is defined as a transaction or series of transactions in which a seller sells residential real estate that is or was the seller's residence to another party and, as a condition of the sale, or as part of the same or a related transaction, enters into a lease or rental agreement to remain in or re-occupy the property.

In any sale leaseback transaction, a buyer is required to provide the seller with certain disclosures, described in detail in the act, alerting the seller of the nature of the transaction and advising them of certain actions they may wish to take. The disclosure must be provided to the seller not more than 10 days and not less than 3 business days before the execution of any sale leaseback agreement, and the disclosure shall be signed by both the seller and the buyer concurrently with the execution of the sale leaseback agreement.

Violation of this act is subject to a fine of up to \$10,000 per violation. The Attorney General is permitted to enforce this act by bringing a cause of action seeking injunctive relief, civil penalties, and restitution. A seller is also permitted to bring a civil action if harmed by a violation of this act. A seller may recover actual damages, statutory damages up to \$10,000, attorneys' fees and costs, and any equitable or injunctive relief.

This act may not be waived or modified by agreement of any party.

UNIFORM MORTGAGE MODIFICATION ACT (Sections 443.920 to 443.925)

The act creates the Uniform Mortgage Modification Act, establishing new procedures with respect to modifications of mortgages.

The act provides that, for any mortgage modification, as that term is defined in the act, all of the following apply:

1. The mortgage continues to secure the obligation as modified;
2. The priority of the mortgage is not affected by the modification;
3. The mortgage retains its priority regardless of whether a record of the mortgage modification is recorded in the public land records; and
4. The modification is not considered a novation.

This act supercedes the federal Electronic Signatures in Global and National Commerce Act, as permitted by that Act, except as otherwise provided in this act. This provision contains various exceptions.

This act contains a severability clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance
Department of Economic Development
State Tax Commission
Attorney General's Office
Office of the State Courts Administrator
City of Springfield
Department of Labor and Industrial Relations
City of Kansas City



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