

SECOND REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 2517**  
**103RD GENERAL ASSEMBLY**

5859H.02C

JOSEPH ENGLER, Chief Clerk

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**AN ACT**

To amend chapter 407, RSMo, by adding thereto one new section relating to certain disclosures by a real estate wholesaler.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Chapter 407, RSMo, is amended by adding thereto one new section, to be  
2 known as section 407.3600, to read as follows:

**407.3600. 1. For purposes of this section, the following terms mean:**

2 **(1) "Residential real property", real property that is improved by a building or**  
3 **other structure that has one to four dwelling units;**

4 **(2) "Wholesaler", a person or entity that for a fee, commission, or other valuable**  
5 **consideration, or with the intention, expectation, or upon the promise of receiving or**  
6 **collecting a fee, commission, or other valuable consideration, enters into a purchase**  
7 **contract for residential real property either:**

8 **(a) As the grantee, and assigns or novates the contract to another person or**  
9 **entity; or**

10 **(b) As the grantor, and, without holding legal title to the real property, assigns or**  
11 **novates the contract to another person or entity.**

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13 **"Wholesaler" shall not include:**

14 **a. An individual who assigns or novates the contract to another individual who is**  
15 **related by blood; or**

16 **b. A person or entity that assigns or novates the contract to a parent, affiliate,**  
17 **subsidiary, or affiliated group under common control with the person or entity.**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

18           **2. Not less than fourteen calendar days before entering into a contract that**  
19 **transfers an interest in residential real property, a wholesaler acting as a grantee or a**  
20 **wholesaler's representative, if applicable, shall provide to the record owner a written**  
21 **disclosure statement, separate from the purchase contract or agreement, printed in**  
22 **boldface type font size not less than twelve points, that contains the following disclosure:**

23           **"Missouri law requires a wholesaler acting as a grantee, before**  
24 **entering into a contract or agreement that conveys an interest in**  
25 **residential real property, to provide certain information to the record**  
26 **owner in a conspicuous manner printed in boldface type font size not**  
27 **less than twelve points. Failure by a wholesaler to present or**  
28 **complete this form shall be considered an unlawful and unfair**  
29 **practice under the Missouri Merchandising Practices Act. Any**  
30 **person who enters into an agreement that conveys an interest in**  
31 **residential real property to a wholesaler acting as a grantee without**  
32 **receiving this disclosure has a cause of action against the wholesaler.**  
33 **A wholesaler acting as a grantee is prohibited from entering into a**  
34 **binding contract to acquire an interest in residential real property**  
35 **unless this statement is signed and dated by the record owner of the**  
36 **property.**

37           **The owner acknowledges that the person presenting this document is**  
38 **a wholesaler, as defined in section 407.3600 of the Revised Statutes of**  
39 **Missouri, and that the owner is advised to seek legal advice before**  
40 **entering into any agreement or contract with the wholesaler. A**  
41 **wholesaler is acting on the wholesaler's own behalf and does not**  
42 **represent the owner in this transaction. A wholesaler enters**  
43 **assignable contracts with owners and seeks to sell or assign the**  
44 **wholesaler's interest for a profit. The wholesaler may assign the**  
45 **wholesaler's interest in the purchase contract to a third party without**  
46 **the owner's consent before closing. The wholesaler may charge a fee**  
47 **to the third-party buyer separately for profit. The agreed purchase**  
48 **price between the owner and wholesaler may be below market value**  
49 **and is conveyed voluntarily.**

50           **The owner acknowledges disclosure of the information provided in**  
51 **this form by signing and dating below:**

52           **\_\_\_\_\_ (Property owner signature) \_\_\_ (date)**

53           **\_\_\_\_\_ (Wholesaler signature) \_\_\_ (date)."**

54           **3. A wholesaler acting as the grantee shall not enter into a binding contract that**  
55 **transfers an interest in residential real property until both the wholesaler and the record**  
56 **owner of the property sign and date the disclosure statement required under subsection**  
57 **2 of this section.**

58           **4. If a wholesaler acting as the grantee fails to make the disclosures required**  
59 **under subsection 2 of this section before entering into a binding contract that transfers**  
60 **an interest in residential real property, the record owner of the residential real property**  
61 **may cancel the contract at any time prior to the close of escrow without penalty and the**  
62 **escrow or closing agent shall disburse any earnest money paid by the wholesaler to the**  
63 **record owner within thirty days after such cancellation.**

64           **5. Provisions of this section shall not be modified or waived by any oral or**  
65 **written agreement. Any portion of an agreement that is executed, modified, or extended**  
66 **after the effective date of this section that modifies or waives any provision of this**  
67 **section shall be null and void.**

68           **6. Any violation of this section shall be considered an unlawful practice under**  
69 **the Missouri merchandising practices act under this chapter. A party that enters into an**  
70 **agreement without receiving the disclosures required under subsection 2 of this section**  
71 **may bring a private action against a wholesaler.**

72           **7. The attorney general shall have the authority to enforce the provisions of this**  
73 **section. If the attorney general finds that a violation occurred, the attorney general may**  
74 **commence a civil action in a court of competent jurisdiction. If the court finds that a**  
75 **violation occurred, the court may grant damages, injunctive relief, attorney's fees, and**  
76 **any such other relief the court finds appropriate.**

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