

SB 834/SB 973/HB 2636

MISSOURI RESIDENTIAL SALE LEASEBACK PROTECTION ACT

waiting period before any transfer of title. The law is designed to protect homeowners—particularly those in distressed situations—from entering into transactions without fully understanding the consequences.

What you need to know

What is a sale leaseback transaction?

A sale leaseback occurs when a homeowner sells their residential property to a buyer and, as part of the same or related transaction, enters into a lease or rental agreement to remain in or re-occupy the property. The seller no longer owns the home but may continue to live there as a tenant. The intent of MRSLPA is to establish clear consumer protections to ensure homeowners understand these transactions, have time to seek advice, and are protected from predatory practices.

What MRSLPA requires of buyers in a sale leaseback?

Under MRSLPA, the buyer must provide the seller with a written disclosure—printed on a single page in boldface type—at least fourteen (14) calendar days before the sale leaseback agreement is executed. Both the buyer and seller must sign the disclosure when the sale leaseback is executed, and the seller must receive a signed copy within five (5) days.

What must the disclosure include?

The disclosure must clearly state that: signing means the seller will no longer own their home; the seller may be subject to eviction for violating lease terms; the seller may lose the right to buy back the home; the transaction may affect the seller's credit, taxes, and legal rights; and the seller is encouraged to consult an attorney, real estate agent, housing counselor, tax advisor, or appraiser before signing. It must also state that no sale leaseback can close for at least thirty (30) days after signing.

Is there a waiting period before closing?

Yes. Under MRSLPA, no transfer of title may occur until at least thirty (30) days after the sale leaseback agreement is executed. This waiting period cannot be waived.

Questions? Contact Missouri REALTORS® Government Affairs at missouri Realtors.org or call Legal Line at 573-447-5278.

Senate Bill 834, Senate Bill 973, and House Bill 2636 were signed into law and include the Missouri Residential Sale Leaseback Protection Act (MRSLPA), which requires buyers in residential sale leaseback transactions to provide sellers with clear written disclosures and a mandatory

Can the protections in MRSLPA be waived?

No. The protections of MRSLPA cannot be modified or waived by any agreement. Any contract term that attempts to waive or modify a duty or remedy under this law is void and unenforceable.

What are the consequences for violations?

A seller harmed by a violation may also bring a private civil action to recover actual damages, statutory damages of up to \$10,000, attorneys' fees and costs, and equitable or injunctive relief. The Missouri Attorney General may bring an action for injunctive relief, civil penalties, and restitution.

How does this affect licensed real estate brokers?

MRSLPA primarily targets buyers in sale leaseback transactions—including investors and others who may not be licensed. However, MRSLPA may impact certain transactions licensed real estate professionals are involved with, primarily, transactions where a seller needs to maintain possession of the property after closing. As MRSLPA does not distinguish between these transactions and the predatory practices the bills were intended to cover, buyers in these transactions may need to provide the required disclosure. The waiting period may also delay closings in these transactions if the buyer and seller determine a leaseback is required during the pendency of the transaction. Licensed real estate professionals are still required to meet their existing disclosure and fiduciary duty obligations under Missouri license law. REALTORS® involved in sale leaseback transactions should consult legal counsel to ensure compliance with both existing law and the new requirements.

