

SENATE BILL NO. 920

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR NICOLA.

3371S.011

KRISTINA MARTIN, Secretary

AN ACT

To amend chapter 442, RSMo, by adding thereto one new section relating to the acquisition of real property by certain business entities.

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

Section A. Chapter 442, RSMo, is amended by adding thereto
2 one new section, to be known as section 442.700, to read as
3 follows:

442.700. 1. For the purposes of this section, the
2 following terms mean:

3 (1) "Business entity", any for-profit association,
4 company, firm, partnership, corporation, limited liability
5 partnership or other legal entity including private equity
6 firms or hedge funds, and that entity's corporate affiliates
7 or subsidiaries or any related entity that shares common
8 management or common ownership. The term "business entity"
9 does not include businesses regulated under state or federal
10 banking or finance laws operating as commercial banks, bank
11 holding companies, savings banks, trust companies, savings
12 and loan associations, credit unions, mortgage lenders,
13 mortgage servicers or the subsidiaries or corporate
14 affiliates of any of the foregoing, excluding private equity
15 firms;

16 (2) (a) "Investment entity", any of the following:

17 a. A real estate investment trust as defined by any
18 state or federal statute;

19 b. An entity that manages funds pooled from investors
20 and owes a fiduciary duty to those investors. Two or more
21 investment entities under common management shall be
22 aggregated and treated as one for purposes of this section;
23 and

24 c. The corporate affiliates or subsidiaries or any
25 related entity that shares common management or common
26 ownership with an entity listed in paragraphs (a) and (b) of
27 this subdivision.

28 (b) The term "investment entity" does not include
29 businesses regulated under state or federal banking or
30 finance laws operating as commercial banks, bank holding
31 companies, savings banks, trust companies, savings and loan
32 associations, credit unions, mortgage lenders, mortgage
33 servicers or the subsidiaries or corporate affiliates of any
34 of the foregoing, excluding private equity firms;

35 (3) "Residential property", includes any improved
36 property that is primarily intended to be used for human
37 habitation and includes existing structures containing
38 single-family homes and buildings with at least two but not
39 more than four units where each unit is primarily intended
40 to be used for human habitation by an individual or family
41 which are not intended to be demolished as part of a new
42 residential development;

43 (4) "Ownership interest", does not include:

44 a. Any security interest, including under a deed of
45 trust or mortgage; or

46 b. Ownership or any other interest obtained through
47 foreclosure of a security interest.

48 2. A business entity or investment entity that has an
49 ownership interest in more than fifty single-family
50 residential properties or more than one hundred residential
51 units in this state may not purchase, acquire, or otherwise
52 obtain an interest in another or additional residential
53 properties in this state.

54 3. A business or investment entity is not subject to
55 the prohibitions in this section if the entity is:

56 (1) The purchaser of an existing residential property
57 that has failed and is in violation of a building code or
58 occupancy permit inspection and the purchasers are making
59 modifications to the property that are necessary to achieve
60 substantial compliance with existing building or occupancy
61 codes; or

62 (2) A person acquiring an ownership interest in
63 residential property through the construction of new
64 properties.

65 4. A seller of a residential property shall not be
66 liable for any violation of this section.

67 5. (1) The attorney general may bring a cause of
68 action in any circuit court with proper jurisdiction if the
69 attorney general has reason to believe that a business
70 entity or investment entity or any affiliate or subsidiary
71 thereof has acquired, directly or indirectly, any
72 residential real estate in this state on or after August 28,
73 2026. If the court finds that residential real estate has
74 been acquired in violation of this section, the court shall
75 order the sale of the residential real estate not later than
76 ninety days after the order.

77 (2) The Missouri housing development commission or non-
78 profit corporation established by the commission may advise
79 or report to the attorney general regarding any

80 circumstances where the availability and supply of low and
81 moderate residential housing has been adversely affected by
82 the activities of a business entity or investment entity
83 described in this section.

84 6. Every person who violates the terms of any
85 injunction issued regarding enforcement of this section
86 shall forfeit and pay a civil penalty to the state of
87 Missouri of not more than two hundred fifty thousand dollars
88 plus costs incurred by the attorney general enforcing this
89 section or injunction issued under this section.

90 7. For the purpose of this section the circuit court
91 issuing an injunction shall retain jurisdiction, and the
92 cause shall be continued, and in such cases the attorney
93 general acting in the name of the state may petition for the
94 recovery of civil penalties.

95 8. By December 31, 2030, and every five years
96 thereafter, the office of the attorney general shall
97 evaluate the efficacy of the maximum civil penalty amount
98 established in this section in deterring violations of this
99 section and the difference, if any, between the current
100 penalty amount and the penalty amounts adjusted for
101 inflation and provide the general assembly with a report of
102 its finding and any recommendations.

103 9. This section shall not apply to residential
104 property developers or home builders who acquire real estate
105 for the development and construction of new residential
106 homes including, but not limited to, condominiums, town
107 homes, single-family or multi-family homes.

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