



1        This act shall be known and may be cited as the "Prohibition of  
2 Unfair Service Agreements Act".

3        SECTION 2.        NEW LAW        A new section of law to be codified  
4 in the Oklahoma Statutes as Section 302 of Title 16, unless there is  
5 created a duplication in numbering, reads as follows:

6        As used in this act:

7        1. "Person" means a natural person, partnership, association,  
8 cooperative, corporation, trust, or other legal entity;

9        2. "Recording" means presenting a document to the county  
10 clerk's office for official placement in the public land records;

11       3. "Residential real estate" means real property located in  
12 this state which is used primarily for personal, family, or  
13 household purposes and is improved by one to four dwelling units;

14       4. "Service agreement" means a contract under which a person  
15 agrees to provide services in connection with the maintenance of or  
16 purchase or sale of residential real estate; and

17       5. "Service provider" means an individual or entity that  
18 provides services to a person.

19       SECTION 3.        NEW LAW        A new section of law to be codified  
20 in the Oklahoma Statutes as Section 303 of Title 16, unless there is  
21 created a duplication in numbering, reads as follows:

22       A. A service agreement is unfair under this act if any part of  
23 the service subject to the agreement is not to be performed within  
24 one (1) year after the time it is entered into or automatically

1 renews after a one (1) year agreement timeframe and has any of the  
2 following characteristics:

3 1. Purports to run with the land or to be binding on future  
4 owners of interests in the real property;

5 2. Allows for assignment of the right to provide service  
6 without notice to and consent of the owner of residential real  
7 estate; or

8 3. Purports to create a lien, encumbrance, or other real  
9 property security interest.

10 B. This act does not apply to:

11 1. A home warranty or similar product that covers the cost of  
12 maintenance of a major home system, such as plumbing, HVAC or  
13 electrical wiring for a fixed period;

14 2. An insurance contract;

15 3. An option or right of refusal to purchase the residential  
16 real estate;

17 4. A declaration created in the formation of a common-interest  
18 community or an amendment thereto;

19 5. A maintenance or repair agreement entered by an owners'  
20 association in a common-interest community;

21 6. A mortgage loan or a commitment to make or receive a  
22 mortgage loan;

23 7. A security agreement under the Uniform Commercial Code  
24 relating to the sale or rental of personal property or fixtures; or

1        8. Water, sewer, electrical, telephone, cable, or other  
2 regulated utility service providers.

3        C. This act does not impair any lien right granted pursuant to  
4 Oklahoma law.

5        SECTION 4.        NEW LAW        A new section of law to be codified  
6 in the Oklahoma Statutes as Section 304 of Title 16, unless there is  
7 created a duplication in numbering, reads as follows:

8        If a service agreement is deemed unfair under this act it is  
9 unenforceable.

10       SECTION 5.       NEW LAW       A new section of law to be codified  
11 in the Oklahoma Statutes as Section 305 of Title 16, unless there is  
12 created a duplication in numbering, reads as follows:

13       1. No person shall record or cause to be recorded an unfair  
14 service agreement or notice or memorandum thereof in this state;

15       2. A county clerk's office shall refuse to accept for  
16 recordation an unfair service agreement;

17       3. In the event that a county clerk does accidentally record an  
18 unfair service agreement, the county clerk shall incur no liability  
19 for doing so; and

20       4. If an unfair service agreement is recorded in this state, it  
21 shall not provide actual or constructive notice against an otherwise  
22 bona fide purchaser or creditor.

23

24

1       SECTION 6.       NEW LAW       A new section of law to be codified

2 in the Oklahoma Statutes as Section 306 of Title 16, unless there is  
3 created a duplication in numbering, reads as follows:

4       If an unfair service agreement or a notice or memorandum thereof  
5 is recorded in this state, any person with an interest in the real  
6 property that is the subject of that agreement may apply to a  
7 district court in the county where the recording exists to record a  
8 court order declaring the agreement unenforceable.

9       SECTION 7.       NEW LAW       A new section of law to be codified

10 in the Oklahoma Statutes as Section 307 of Title 16, unless there is  
11 created a duplication in numbering, reads as follows:

12       If an unfair service agreement or a notice or memorandum thereof  
13 is recorded in this state, any person with an interest in the real  
14 property that is the subject of that agreement may recover such  
15 actual damages, costs and attorney fees as may be proven against the  
16 service provider who recorded the agreement.

17       SECTION 8. This act shall become effective November 1, 2024.

18 COMMITTEE REPORT BY: COMMITTEE ON BUSINESS AND COMMERCE  
19 April 8, 2024 - DO PASS  
20  
21  
22  
23  
24