

Proposed 2020 Legislation Impacting Oklahoma Title and Real Property Attorneys

Version 1

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Introduction

In response to requests to keep this report brief and topical, the following areas that may be considered relevant to a small number of real property practitioners have been excluded from this report: water rights, oil and gas, taxation, and medical marijuana. While these areas might involve the ownership of real property, more specialized attorneys handle separate legal updates in those areas for the OBA, and I defer to their expertise.

While this report is provided to the Title Standards Committee of the OBA in my role as Legislative Liaison for that Committee, this is my own product, and has not been approved or blessed by the OBA. If any of the bill summaries offend, the fault is entirely my own, and should not be imputed to the OBA or any of its subdivisions.

If you have additional bills to bring to my attention, would like to suggest additions or revisions to my summaries or explanations of a bill, or have any further inquiries, please contact me at ryan@gossenschaller.com. All versions of this report will be posted to the “Blog Posts” section of www.gossenschaller.com as well as linked on the OBA’s Real Property Message Boards.

Special thanks to Monica Wittrock of First American Title and Rhonda McLean of Munson & McMillin, P.C. for providing me with their own legislative lists in these areas.

Deadlines

Deadline to Pass Committee in Chamber of Origin: February 27, 2020

Deadline to Pass Chamber of Origin: March 12, 2020

Deadline to Pass Committee in Opposite Chamber: April 9, 2020

Deadline to Pass Opposite Chamber: April 23, 2020

Sine Die Adjournment: May 29, 2020

Please Note: Descriptions will get longer and more in-depth as bills move along and have a better chance of becoming law.

List I: Title

These Bills should be monitored for their potential impact on the Title Standards

Bill No.: HB2916
Brief Title: **Probate Venue Priority** a/k/a Walking back Walker
Sponsor: Loring
Description: Adds the words “First”, “Second”, etc. to the beginning of each paragraph in 58 OS § 5. This is a bill in response to the COCA decision *In re Walker* which eliminated the probate venue priority established by statute.
Status: Judiciary Committee. Contains emergency language that would make it effective 7/1/2020

Bill No.: HB2917
Brief Title: **Municipal Liens against Real Property**
Sponsor: Loring
Description: New Law that allows a municipality to hold the owner of a property civilly liable for actual expenses or costs for cleaning, mowing, dismantling and removal of dilapidated buildings, or in relation to abating a public nuisance caused by an abandoned building.
Status: County and Municipal Government Committee

Bill No.: HB3032
Brief Title: **Life of Judgment Liens**
Sponsor: Bush
Description: Judgment length amended from 5 to 20 years.
Status: This bill was initially assigned to the Judiciary Committee, but was withdrawn by its author and reassigned to the Rules Committee, which most likely means that it will die.

Bill No.: HB3552
Brief Title: **Guardianship**
Sponsor: Boatman
Description: Transfer of a Ward’s property and Medicaid eligibility. Should be reviewed to determine that it does not provide an alternative to current procedure of selling property out of a Guardianship.
Status: Passed the Judiciary Committee and will go before a vote of the full House.

Bill No.: HB3660
Brief Title: **Civ Pro**
Sponsor: Kannady
Description: Returns to the old Default Judgment rules prior to the Schweigert and Asset Acceptance v. Pham decisions. For those unfamiliar with these cases, they have had an impact on attorneys in Quiet Titles and Foreclosures. As a result of these

cases, courts are requiring attorneys to file Motions for Default and, in some cases, docketing hearing dates for these motions, in cases where Defendants have never entered an appearance.

Status: Passed the Judiciary Committee and will go before a vote of the full House.

Bill No.: HB3712

Brief Title: **Uniform Partition of Heirs Property**

Sponsor: Kannady

Description: Uniform law procedure for dividing property among heirs. Probably need new title standard if becomes law.

Status: Referred to the Rules Committee, which is usually a sign that the bill is not going to become law.

Bill No.: HB3743

Brief Title: **Death Certificate Access**

Sponsor: Sims

Description: State Commissioner of Health shall contract with the Oklahoma Tax Commission to make certified copies of death certificates available for issuance at local tag agencies. While not specifically a title law issue, this is being followed because of TES's interest in access to Death Certificates.

Status: Public Health Committee

Bill No.: HB3857

Brief Title: **County Resale Returns**

Sponsor: Burns

Description: Claims of the state against property sold at resale are "extinguished with respect to any deed conveying title to the board of county commissioners where such property was bid off in the name of the county."

Status: Appropriations and Budget, General Government Subcommittee

Bill No.: HB4112

Brief Title: **Creates the Uniform Common Interest Ownership Act**

Sponsor: Kannady

Description: Bill would adopt a Uniform Law on Common Interest Ownership (common areas in PUDs, Condominiums, etc.).

Status: Referred to the Rules Committee, which is usually a sign that the bill is not going to become law.

Bill No.: SB1207

Brief Title: **Foreign LLCs**

Sponsor: Bergstrom

Description: Replaces "foreign" with "any jurisdiction other than this state" and modifies other language

Status: Judiciary Committee

Bill No.: SB1789

Brief Title: **Court of Civil Appeals**

Sponsor: Daniels

Description: Would end direct appeals from District Court to the Supreme Court of Oklahoma. All civil appeals would first be assigned to COCA. Following a COCA ruling, a party can petition for a writ of certiorari from the OK Supreme Court

Status: Judiciary Committee

End of List related to Title Standards

List II - Real Property but not Title

This list contains bills that could impact the general Real Property Lawyer, but do not specifically impact our current Title Standards

Bill No.: HB2821

Brief Title: **Extends Sunset date on Oklahoma’s Abstractor Board**

Sponsor: Gann

Description: Originally extended sunset on Board to 2026 (6 year renewal). I’ve heard that this has been substituted with a bill that only renews it for 1 year, but I’m not seeing that reflected on the bill tracking site yet. My understanding is that there is considerable uncertainty in the State House over the future of licensing boards. The traditional approach for the last several decades in this state was to have semi-autonomous licensing/governing boards that elected their own members. There is pressure to change that. Some would like to completely remove professional licensing and governing boards in Oklahoma, others would like to see the consolidation of these boards into a single office, while still others prefer maintaining the status quo. Last year the board was also set to renew for six years but in the end was only renewed for a term of one year.

Status: Administrative Rules Committee

Bill No.: HB2855 / SB1427

Brief Title: **Landlord Tenant**

Sponsor: Pae

Description: Allows victims of domestic violence to terminate lease without penalty by providing a copy of a protective order or police report. Also allows landlord to go after “perpetrator of such violence” to recover for early termination losses.

Status: House Bill sent to Rules Committee. Senate Bill has picked up Rep. Miller as a House Co-Sponsor and has been sent to the Senate Judiciary Committee.

Bill No.: HB2988
Brief Title: **Landlord Tenant**
Sponsor: Bennett
Description: Max 10% increase in rent with lease renewal
Status: House Judiciary Committee

Bill No.: HB3060
Brief Title: **Property Owner's Associations**
Sponsor: McDugle
Description: POA's with a "major item" that has "a deferred maintenance expense or replacement cost that exceeds \$50,000.00" with a useful life of more than 3 years, must set up a reserve account in accordance with the provisions of this new statute.
Status: Business and Commerce Committee

Bill No.: HB3296
Brief Title: **Wind Turbine setbacks**
Sponsor: Newton
Description: Prohibits wind energy turbine or facility of over 300 feet within a certain distance of airports.
Status: Utilities Committee

Bill No.: HB3331
Brief Title: **Title Insurance**
Sponsor: Perryman
Description: Would require the purchase of an Owner's Policy of title insurance on owner occupied residential property when a Loan Policy is issued. My understanding of this Bill is that the Representative is concerned that parties to a transaction are bearing the expense of title work and a loan policy, but are not receiving any protection on their own investment.
Status: Rules Committee.

Bill No.: **HB3334**
Brief Title: Banking, transfer of deceased's funds
Sponsor: Fugate
Description: Allows deceased owner's bank account to be used to distribute funds to heirs under \$50k with sworn affidavit by known heirs if no probate filled.
Status: Judiciary Committee

Bill No.: HB3706
Brief Title: **Landlord/Tenant – Late Charges**
Sponsor: Kannady
Description: Late fees up to 10% of the monthly rent are presumed to be valid

Status: Rules Committee (means it probably won't become law)

Bill No.: HB3710

Brief Title: **Revised Landlord Tenant Act**

Sponsor: Kannady

Description: Very long bill, please review. Some of the new law includes a duty to mitigate damages, an obligation of good faith in performance and enforcement of a lease, provides that a court can refuse to enforce a lease if a provision is found to be unconscionable, imposes required disclosures by landlords, required disclosures by tenants, prohibited provisions in leases, and more. Highly recommend following and studying in depth if you represent people who lease residential properties.

Status: Rules Committee (means it probably won't become law)

Bill No.: HB3969

Brief Title: **Mortgage Licensing**

Sponsor: McBride

Description: 501(c) organizations exempt from state mortgage licensing requirements

Status: Business and Commerce Committee

Bill No.: HB4044

Brief Title: **Trespass Nominal Damages**

Sponsor: McCall

Description: Revises 21 OS §§ 1835 and 1835.1 to include a nominal damages award in a successful trespass action in the lack of actual provable damages.

Status: Sponsored by the Speaker of the State House. Passed out of the Rules Committee. (exception to the rule on the Rules Committee)

Bill No.: SB1270

Brief Title: **Recreates the Red River Boundary Committee**

Sponsor: Bullard

Status: Energy Committee and then to Appropriations Committee

Bill No.: SB1301

Brief Title: **Landlord Tenant**

Sponsor: Montgomery

Description: Increases amount of deduction permissible from rent for repairs made by tenant.

Status: Judiciary Committee

Bill No.: SB1312
Brief Title: **Ad Valorem Tax Payments**
Sponsor: Pederson
Description: Minor changes to the language about paying Ad Valorem tax. Give closer scrutiny if moves on.
Status: Finance Committee

Bill No.: SB1333
Brief Title: **Landlord/Tenant**
Sponsor: Montgomery
Description: Tenant corrective action upon landlord breach.
Status: Judiciary Committee

Bill No.: SB1743
Brief Title: **Successor Trustees and Creditors Claims**
Sponsor: Howard
Description: Amends 60-175.18a – allows a successor trustee to file an affidavit with county clerk that would bar creditor claims after 45 days. Appears to be optional, i.e., a trustee can do this if they want to forever bar claims, but they don't have to do it.
Status: Judiciary Committee

Bill No.: SB1753
Brief Title: **Real Estate Developments**
Sponsor: Leewright
Description: Title company must provide a certified copy of CC&Rs 30 days prior to closing. Currently the law requires a title company to provide these documents either prior to or at closing. In my experience working with title companies, most of their customers are expecting a transaction to close in less than 30 days, so this bill, as currently written, may artificially delay residential transactions so that this requirement can be met.
Status: Business, Commerce, and Tourism Committee

Bill No.: SB1815
Brief Title: **Oklahoma Decanting Act**
Sponsor: Howard (JD and LLM)
Description: New law providing for “decanting trusts” in Oklahoma
Status: Judiciary Committee

Bill No.: SB1864
Brief Title: **Eminent Domain**
Sponsor: Dahm
Description: Creates a definition for abandoned or blighted structures. Provides requirements for condemnation actions by the government.

Status: Judiciary Committee

List III - Civil Procedure and General Practice of Law

These bills do not specifically relate to Title or Real Property law, but fundamentally relate to the practice and procedure of the law.

Bill No.: HB2808
Brief Title: **Amends forms to use in FED actions**
Sponsor: Hardin
Description: Please review if your practice includes FEDs.
Status: Judiciary Committee

Bill No.: HB3390/SB1820
Brief Title: **Legal Representation for State/State Agency**
Sponsor: O'Donnell/David, several cosponsors
Description: As this is outside the scope of title/real property, I won't be going into details on this one, but if you are hired by the state of Oklahoma to be a lawyer for an executive branch agency, this creates some new rules and regulations regarding fees, including caps. I don't know whose day this is going to ruin, but you can no longer bill a state agency more than \$1,000 an hour.
Status: HB to Judiciary Committee; SB to General Government

Bill No.: SB1268
Brief Title: **Civil Procedure - Dismissals**
Sponsor: Daniels
Description: Amends 12 OS §2004 to allow for defendants not timely served to apply to the court for a dismissal without prejudice.
Status: Judiciary Committee

Bill No.: SB1741
Brief Title: **Business Entities**
Sponsor: Montgomery
Description: Makes several revisions to the Oklahoma General Corporation Act regarding the use of electronic communication for notices.
Status: Judiciary Committee

Bill No.: SB1836
Brief Title: **Standing in Civil Actions**
Sponsor: Daniels
Description: Sets out a statutory definition and criteria for having standing to bring a civil action.
Status: Judiciary Committee

Shell Bills

Oklahoma has strict deadlines for bringing new bills each legislative session. In the State House, Representatives can create a “shell” bill that has a title and states that it applies to a specific title of the Oklahoma statutes. These bills do not do anything on their own but often draw attention because their titles contain words like “Reform Act”. Nothing will happen to the majority of these bills. One or two may end up being swapped out for an actual bill later in the process, which is why I check these bill numbers every time I update the report. Sometimes, these shell bills will be brought by Representatives who are close to a particular industry in case that industry has a pressing issue come up over the course of the session that needs a legislative fix.

- HB3000 – Eminent Domain Reform Act
- HB3104 – Real Estate Reform Act
- HB3105 – Lien Reform Act
- HB3173 – Real Estate Practice Reform Act
- HB3198 – Uniform Partition of Heirs Property Act
- HB3412 – Landlord and Tenant Referendum Act of 2020
- HB3493 – Title Holding State Reform Act
- HB3658 – Title Agents Reform Act
- HB3670 – Civil Procedure and Probate Reform Act
- HB3671 – Probate Act
- HB3708 – Landlord and Tenant Act of 2020
- HB3739 – real Estate Contracts and Practices Act
- HB3820 – Commissioners of the Land Office Policy Act
- HB4045 – Property Reform Act of 2020
- HB4100 – Oklahoma Probate Act of 2020