

The House Committee on Judiciary offers the following substitute to HB 555:

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 3 of Title 44 of the Official Code of Georgia Annotated, relating to
2 regulation of specialized land transactions, so as to prohibit business enterprises from owning
3 an interest in more than 2,000 single-family residential properties or ten multifamily
4 residential properties; to provide a private cause of action against a business enterprise that
5 owns an interest in more than 2,000 single-family residential properties or ten multifamily
6 residential properties; to provide for public sale of residential properties unlawfully owned
7 by business enterprises; to prohibit the leasing of residential properties unlawfully owned by
8 business enterprises; to provide for the forfeiture of rental payments paid in connection with
9 an unlawful lease of residential property; to provide a private cause of action for the return
10 of rental payments paid in connection with an unlawful lease of residential property; to
11 provide for the disclosure of information by brokers; to provide an effective date; to provide
12 a short title; to provide for related matters; to repeal conflicting laws; and for other purposes.

13 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

14 **SECTION 1.**

15 This Act shall be known and may be cited as the "Georgians First Residential Property
16 Protection Act."

H. B. 555 (SUB)

42 (A) Detached residential structure that contains between one and three individual
43 dwelling units, each of which is designed for the exclusive use and occupation by one
44 family;

45 (B) Townhouse; or

46 (C) Condominiums as defined in Code Section 44-3-71.

47 (8) 'Townhouse' means an individual residential dwelling unit within a larger structure
48 that contains two or more attached residential dwelling units constructed in a row where
49 each residential dwelling unit is designed exclusively for use and occupation by one
50 family, is located on an individual lot or parcel, and shares at least one common wall with
51 an adjacent unit.

52 44-3-261.

53 (a) On and after January 1, 2026, it shall be unlawful for any business enterprise to obtain,
54 own, or possess, directly or indirectly, including, but not limited to, through one or more
55 affiliates of such business enterprise, an interest in more than 2,000 single-family
56 residences or more than ten multifamily residences located in this state.

57 (b)(1) For purposes of this Code section, an interest in residential property shall not
58 include a deed to secure debt, security deed, mortgage, security interest, deed of trust, or
59 other lien upon residential property that secures a debt or other obligation, and nothing
60 in this Code section shall be construed as prohibiting a business enterprise from owning
61 or acquiring a deed to secure debt, security deed, mortgage, security interest, deed of
62 trust, or other lien upon residential property located in this state.

63 (2) An interest in residential property acquired pursuant to the enforcement of a deed to
64 secure debt, security deed, mortgage, security interest, deed of trust, or other lien
65 described in paragraph (1) of this subsection by a business enterprise that would
66 otherwise violate subsection (a) of this Code section shall not constitute a violation of
67 subsection (a) of this Code section, provided that such interest in residential property is

68 sold or otherwise transferred to another person by the business enterprise within two
69 years from the date such interest is acquired.

70 44-3-262.

71 (a) Any claimant may bring a civil action in any court of competent jurisdiction against
72 a business enterprise that obtains, owns, or possesses an interest in residential property in
73 violation of subsection (a) of Code Section 44-3-261 to recover:

74 (1) The greater of:

75 (A) Actual damages caused by such violation; or

76 (B) Statutory damages in the amount of \$15,000.00 for each violation; and

77 (2) The costs incurred by the claimant in bringing such action, including reasonable
78 attorney's fees.

79 (b) For purposes of this Code section, each residential property for which a business
80 enterprise or shareholder of a business enterprise obtains, owns, or possesses an interest in
81 violation of subsection (a) of Code Section 44-2-261 shall constitute separate violations.

82 (c) It shall be an affirmative defense to an award of monetary relief in an action brought
83 pursuant to subsection (a) of this Code section if the defendant business enterprise in such
84 action can demonstrate that:

85 (1) The claimant who brought such action can only recover statutory damages under
86 paragraph (1) of subsection (a) of this Code section;

87 (2) It has, during the pendency of such action or no more than 30 days prior to the
88 initiation of such action, paid a judgment for the full amount of statutory damages
89 provided under subparagraph (B) of paragraph (1) of subsection (a) of this Code section
90 that was awarded in a separate action brought pursuant to subsection (a) of this Code
91 section for the same violation of subsection (a) of Code Section 44-3-261 giving rise to
92 the current action; and

- 93 (3) It no longer owns or possesses an interest in the residential property that is the subject
94 of such action.
- 95 (d) An action pursuant to subsection (a) of this Code section shall be brought within four
96 years from the last day a business enterprise obtained, owned, or possessed an interest in
97 residential property in violation of subsection (a) of Code Section 44-3-261 and such action
98 may be brought in a representative capacity and may be the subject of a class action under
99 Code Section 9-11-23.
- 100 (e) Notwithstanding any provision of law to the contrary, the following shall not be a
101 defense to an action brought pursuant to subsection (a) of this Code section:
- 102 (1) Ignorance or mistake of law;
- 103 (2) The business enterprise's reliance on any court decision that has been overruled on
104 appeal or by a subsequent court, even if such court decision had not been overruled at the
105 time the business enterprise violated the provisions of subsection (a) of Code
106 Section 44-3-261;
- 107 (3) The business enterprise's reliance on any state or federal court decision that is not
108 binding on the court where such action has been brought;
- 109 (4) Non-mutual issue preclusion or non-mutual claim preclusion; or
- 110 (5) Any claim that the enforcement of this Code section or the imposition of civil
111 liability against the business enterprise would violate the constitutional rights of third
112 parties.
- 113 (f) Notwithstanding any provision of law to the contrary, no government entity or any
114 officer or employee of a government entity acting in his or her official capacity, including,
115 without limitation, the Attorney General, any district attorney, or any city or county
116 attorney, shall be entitled to intervene in an action brought pursuant to subsection (a) of this
117 Code section; provided, however, that nothing in this subsection shall prohibit the filing
118 of an amicus curiae brief in such action.

119 44-3-263.

120 (a) An interest in residential property that is owned or possessed by a business enterprise
121 in violation of subsection (a) of Code Section 44-3-261 shall be subject to public sale as
122 provided in this Code section.

123 (b)(1) The Attorney General or any district attorney may bring an action against a
124 business enterprise that owns or possesses an interest in residential property in violation
125 of subsection (a) of Code Section 44-3-261 for an order directing a public sale of such
126 interest by filing a petition for public sale in the superior court where the property is
127 located. All parties that have an interest in the residential property shall be joined as
128 parties to such action and shall be served with process in accordance with Code
129 Section 9-11-4.

130 (2) The superior court where an action is brought pursuant to this Code section shall,
131 after notice and hearing, order a public sale of an interest in residential property if it
132 determines that such interest is owned or possessed in violation of subsection (a) of Code
133 Section 44-3-261, that divestment of such interest is necessary to enforce the provisions
134 of this article, and that such public sale would not be unjust or otherwise inequitable. In
135 the event the court orders a public sale, the court shall appoint one or more persons as
136 commissioners to conduct such sale under such regulations and upon such just and
137 equitable terms as it may prescribe. The sale shall take place on the first Tuesday in the
138 month, shall be at the place of public sales in the county in which the property is located,
139 and shall be advertised in the official newspaper of the county once a week for four
140 consecutive weeks. Neither the business enterprise against whom the action was filed
141 pursuant to this Code section nor any affiliate of such business enterprise shall be entitled
142 to purchase the interest in residential property at the public sale.

143 (3) After a public sale of an interest in residential property is conducted pursuant to this
144 Code section, the proceeds derived from such sale shall be paid into the registry of the

145 superior court that ordered such sale. The court shall then disburse the proceeds as
146 follows:

147 (A) First, proceeds shall be applied to the reasonable costs associated with the public
148 sale of the interest in residential property;

149 (B) Thereafter, proceeds shall be disbursed to any person with a superior interest in
150 such proceeds to that of the business enterprise against whom the action for public sale
151 was brought pursuant to this Code section, including, without limitation, any person
152 that is owed an outstanding debt or other obligation that is secured by a deed to secure
153 debt, security deed, mortgage, security interest, deed of trust, or other lien upon the
154 interest in residential property, in order of priority as provided by law; and

155 (C) Thereafter, any remaining proceeds shall be disbursed to the business enterprise
156 against whom the action for public sale was brought pursuant to this Code section less
157 the costs incurred by the Attorney General or district attorney in bringing such action,
158 including reasonable attorney's fees.

159 (4) The public sale of an interest in residential property pursuant to this Code section
160 shall not extinguish any rights of persons in the property other than the business
161 enterprise against whom the action for public sale was filed pursuant to this Code section,
162 including, without limitation:

163 (A) Any person that is owed an outstanding debt or other obligation that is secured by
164 a deed to secure debt, security deed, mortgage, security interest, deed of trust, or other
165 lien upon the interest in residential property that is not satisfied from the sale proceeds
166 disbursed pursuant to paragraph (3) of this subsection; and

167 (B) Any person with a leasehold interest in the residential property; provided, however,
168 that there shall be no automatic renewal of such leasehold interest and any term in the
169 lease agreement providing such automatic renewal shall be void and unenforceable.

170 44-3-264.

171 (a) No business enterprise that owns an interest in residential property in violation of
172 subsection (a) of Code Section 44-3-261 shall enter into a lease agreement with another
173 person for the lease of such residential property.

174 (b) A business enterprise that enters into a lease agreement in violation of subsection (a)
175 of this Code section shall not be entitled to collect rental payments in connection with such
176 lease and any rental payments collected in connection with such lease shall be subject to
177 forfeiture in accordance with the procedures set forth in Chapter 16 of Title 9, the 'Georgia
178 Uniform Civil Forfeiture Procedure Act.'

179 (c) Any person who makes rental payments to a business enterprise in connection with a
180 lease agreement that was entered into by a business enterprise in violation of subsection (a)
181 of this Code section may bring an action against such business enterprise in any court of
182 competent jurisdiction for the return of such rental payments paid by such person.

183 (d) Nothing in this Code section shall be construed as impairing or otherwise limiting the
184 leasehold interest of a lessee of a residential property pursuant to a lease agreement that
185 was entered into by a business enterprise in violation of subsection (a) of this Code section.

186 44-3-265.

187 A broker who is engaged by a client that is a business enterprise and that is a prospective
188 buyer or prospective lessor of an interest in residential property shall timely disclose to
189 such client the prohibitions set forth in this article. For purposes of this Code section, the
190 terms 'broker,' 'client,' and 'timely' shall have the same meanings as set forth in Code
191 Section 10-6A-3."

192 **SECTION 3.**

193 This Act shall become effective upon its approval by the Governor or upon its becoming law
194 without such approval.

195

SECTION 4.

196 All laws and parts of laws in conflict with this Act are repealed.