
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1875 Session of
2019

INTRODUCED BY WEBSTER, CALTAGIRONE, MILLARD, CIRESI, HILL-EVANS,
MALAGARI, BARRAR, OTTEN, KINSEY, McCLINTON, JOHNSON-HARRELL,
MADDEN, RABB, FRANKEL AND SOLOMON, SEPTEMBER 25, 2019

REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,
SEPTEMBER 25, 2019

AN ACT

1 Providing for plain language requirements in oil and gas real
2 property contracts, for remedies and for penalties.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Plain
7 Language Oil and Gas Real Property Contract Act.

8 Section 2. Definitions.

9 The following words and phrases when used in this act shall
10 have the meanings given to them in this section unless the
11 context clearly indicates otherwise:

12 "Landowner." An individual or group of individuals who has
13 interest in real property or is named on the deed or title of
14 the real property.

15 "Real property contract" or "contract." A written agreement
16 between a land owner and an oil and gas land broker, land man,
17 oil company or gas company for the sale, transfer, conveyance or

1 lease of real property.

2 Section 3. Test of readability.

3 (a) General rule.--A real property contract shall be
4 written, organized and designed so that the contract is easy to
5 read and understand.

6 (b) Language guidelines.--In determining whether a contract
7 meets the requirements of subsection (a), a court shall consider
8 the following language guidelines.

9 (1) The contract should use short words, sentences and
10 paragraphs.

11 (2) The contract should use active verbs.

12 (3) The contract should not use technical legal terms
13 other than commonly understood legal terms.

14 (4) The contract should not use Latin and foreign words
15 or any other word when its use requires reliance upon an
16 obsolete meaning.

17 (5) The contract must define industry-specific terms
18 whose definitions have meanings which are not commonly
19 understood.

20 (6) The definitions of words defined in the contract
21 should be defined by using commonly understood meanings.

22 (7) When the contract refers to the parties to the
23 contract, the references should use personal pronouns, the
24 actual or shortened names of the parties, the terms "seller"
25 and "buyer" or the terms "lessor" and "lessee."

26 (8) The contract should not use sentences that contain
27 more than one condition.

28 (9) The contract should not use cross references, except
29 cross references that briefly and clearly describe the
30 substances of the item to which the reference is made.

1 (10) The contract should not use sentences with double
2 negatives or exceptions to exceptions.

3 (c) Visual guidelines.--In determining whether a contract
4 meets the requirements of subsection (a), a court shall consider
5 the following guidelines:

6 (1) The contract should have type size, line length,
7 column width, margins and spacing between lines and
8 paragraphs that make the contract easy to read.

9 (2) The contract should caption sections in boldface
10 type.

11 (3) The contract should use ink that contrasts sharply
12 with the paper.

13 Section 4. Notarization of contracts.

14 (a) General rule.--A real property contract shall be signed
15 by the landowner in the presence of a notary public in this
16 Commonwealth.

17 (b) Receipt of contract.--The landowner and buyer or lessee
18 shall receive a notarized copy of the contract.

19 Section 5. Damages, enforcements, assurance of voluntary
20 compliance and civil penalties.

21 (a) Damages and other remedies.--Any land broker, land man,
22 oil company or gas company who executes a real property contract
23 which does not comply with the test of readability provided
24 under section 3 is liable to the landowner for all of the
25 following:

26 (1) Compensation in an amount equal to the value of any
27 actual loss caused by the violation of this act.

28 (2) Statutory damages of \$10,000.

29 (3) Court costs.

30 (4) Reasonable attorney fees.

1 (5) Any equitable and other relief ordered by the court.

2 (b) Enforcement.--A violation of this act is deemed to be a
3 violation of the act of December 17, 1968 (P.L.1224, No.387),
4 known as the Unfair Trade Practices and Consumer Protection Law.
5 Section 6. Limitations on liability.

6 (a) Limitation generally.--There shall be no liability under
7 section 5 if any of the following occur:

8 (1) The landowner wrote the contract or part of the
9 contract that violates this act.

10 (2) The land broker, land man, oil company or gas
11 company made a good faith and reasonable effort to comply
12 with this act.

13 (b) Time limit to file lawsuit.--A lawsuit under this act
14 must be filed within 10 years from the date on which the
15 contract was signed.

16 Section 7. Applicability.

17 This act shall apply to the following:

18 (1) All real property contracts that are executed,
19 solicited or intended to be performed after the effective
20 date of this section.

21 (2) A renewal, extension, option or change in the terms
22 of an existing contract after the effective date of this
23 section.

24 Section 8. Effective date.

25 This act shall take effect in one year.