

United States Senate  
WASHINGTON, DC 20510

December 21, 2022

The Honorable Lina Khan  
Chair  
Federal Trade Commission  
600 Pennsylvania Ave. NW  
Washington, DC 20580

The Honorable Rohit Chopra  
Director  
Consumer Financial Protection Bureau  
1700 G Street NW  
Washington, DC 20552

Dear Chair Khan and Director Chopra:

We are writing regarding recent reports that some real estate brokerage firms are misleading families into entering exclusive listing agreements, which exploit and deprive them of profits that they would earn from selling their homes.

The COVID-19 pandemic caused financial hardships for millions of American families, particularly lower- and middle-income households. The dire circumstances families encounter has created an opportunity for companies to take advantage of struggling homeowners.

According to recent reports, there is a growing trend within the real estate industry marketing exclusive 40-year listing agreements as a “loan alternative.”<sup>1</sup> Companies, like MV Realty, offer consumers as little as \$300 in exchange for entering into a 40-year exclusive listing agreement on the consumer’s home.<sup>2</sup> Consumers are told that there is no obligation to return the cash, and they owe nothing in return unless and until they sell their home.<sup>3</sup> What MV Realty does not fully disclose to consumers is that during the course of the 40-year term, if the home is sold for any reason – not just the consumer listing the property, but also if the home is foreclosed upon, or if the owner passes – and MV Realty is not used, then the homeowner, or their heirs, will be obligated to pay three percent of the value of the home as a penalty.<sup>4</sup>

Further, many consumers report that MV Realty does not disclose that these agreements are filed in the public record.<sup>5</sup> Lenders often consider the agreements to be a lien on the consumer’s home and thereby a disqualification when the consumer attempts to refinance their home or otherwise

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<sup>1</sup> “Real estate firm lures in homeowners with quick cash. But some say there’s a ‘predatory’ 40-year catch,” Sophie Kasakove, The Baltimore Banner, October 19, 2022, available at <https://www.thebaltimorebanner.com/community/housing/real-estate-company-locks-maryland-homeowners-into-40-year-agreements-that-could-cost-them-thousands-of-dollars-G7F32GWEP5FKDAHV23YDYJT5YM/>

<sup>2</sup> “I-Team: Real estate racket? Company offers homeowners quick cash in exchange for 40-year lien,” WHIOTV7, available at <https://www.whio.com/news/local/i-team-free-money-your-signature-monday-5pm-news-center-7/W4E4D3XDRZA2VJ76OGJTT4J7DI/>

<sup>3</sup> “Real Estate firm lures in homeowners with quick cash. But some say theres a ‘predatory’ 40-year catch,” The Baltimore Banner, available at <https://www.thebaltimorebanner.com/community/housing/real-estate-company-locks-maryland-homeowners-into-40-year-agreements-that-could-cost-them-thousands-of-dollars-G7F32GWEP5FKDAHV23YDYJT5YM/>

<sup>4</sup> “Florida company pays quick cash to list your home. The catch? A 40-year contract,” Tampa Bay Times, available at <https://www.tampabay.com/news/real-estate/2022/09/06/florida-company-pays-quick-cash-to-list-your-home-the-catch-a-40-year-contract/>

<sup>5</sup> “I-Team: Rutland Couple Locked Into 40-Year Agreement with Realtor After Signing ‘Homeowner Benefit Agreement,’” CBS News Boston, available at <https://www.cbsnews.com/boston/news/iteam-real-estate-homeowner-benefit-agreement-rutland/>


access their home equity through a line of credit or a reverse mortgage.<sup>6</sup> Failing to disclose or misleading consumers about the way that these listing agreements will slow or prevent a consumer from refinancing or tapping into their home equity – denying them either the opportunity to save money or to access much-needed capital.

MV Realty, and companies like it, take tens of thousands of dollars from homeowners in exchange for a minimal up-front payment. By advertising these agreements as a “loan alternative,” companies are attempting to avoid the legal limitations on lending while in essence charging borrowers onerous rates.<sup>7</sup> Sadly, exclusive listing companies are now a national problem – expanding their, affecting consumers across state lines. MV Realty now operates in 33 states<sup>8</sup> and has reportedly issued 30,000 exclusive listing agreements.<sup>9</sup>

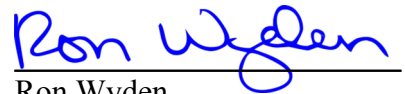
Recent reporting raises serious concerns about potentially predatory and coercive practices by real estate firms, like MV Realty, and several state attorneys general are taking action.<sup>10</sup> We urge the CFPB and FTC to work with state attorneys general to review whether these listing agreements and business practices violate federal consumer protection laws, including prohibitions against unfair, deceptive, or abusive acts and practices, and to take appropriate action where violations are found.

Thank you for your prompt attention to this important issue.

Sincerely,



Sherrod Brown  
United States Senator



Ron Wyden  
United States Senator



Tina Smith  
United States Senator

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<sup>6</sup> “Florida Attorney General sues real estate brokerage for scamming homeowners,” Tampa Bay Times, available at <https://www.tampabay.com/news/florida/2022/11/30/florida-attorney-general-sues-real-estate-brokerage-scamming-homeowners/>

<sup>7</sup> “lawsuit filed against company accused of luring homeowners into 40-year commitment with quick cash,” WSB-TV 2 Atlanta, available at <https://www.wsbtv.com/news/local/lawsuit-filed-against-company-accused-luring-homeowners-into-40-year-commitment-with-quick-cash/Z5NWX3BKRBDVLOZYS57E2YEVTE/>

<sup>8</sup> MV Realty FAQs, accessed December 2, 2022, available at <http://homeownerbenefit.com/#faq>

<sup>9</sup> “Real Estate firm lures in homeowners with quick cash. But some say theres a ‘predatory’ 40-year catch.”

<sup>10</sup> Office of the Attorney General, State of Florida, Department of Legal Affairs v. MV Realty PBC, LLC, a Florida limited liability company, Amanda J. Zachman f/k/a Amanda Zuckerman, an individual, Antony Mitchell, an individual, David Manchester, an individual, Filing #162026680; Commonwealth of Pennsylvania, by Attorney General Josh Shapiro v. MV Realty PBC, LLC d/b/a MV Realty of Pennsylvania, LLC, Case ID: 221201288; Commonwealth of Massachusetts v. MV Realty PBC, LLC, MV of Massachusetts, LLC; “Ohio attorney general ‘reviewing’ allegations against MV Realty,” WHIO, December 15, 2022, available at <https://www.whio.com/news/local/i-team-ohio-attorney-general-reviewing-allegations-against-mv-realty/MHHG2M2DFGWPAXB56SRBEXJUQ/>.