



VOTE YES on HB 88

Unlawful Trade Practices: Sponsored by Rep. Michael Meredith

THE ISSUE

- In recent years, a real estate brokerage operating across the U.S., including KY, has introduced a new “program” essentially misleading homeowners into signing deceptive contracts.
- This predatory practice starts by a brokerage offering a one-time cash payment (ranging from \$300-\$5,000) to a homeowner in exchange for signing a contract that gives exclusive listing rights to the brokerage for 40 years.
- The brokerage then records that agreement at the County Clerk’s office as a lien against the property. The lien runs with the land, not just the homeowner who originally signed the agreement, thus tying the hands of heirs to the property or future owners.
- At any point in time, if the seller decides to not use the brokerage to list their property the homeowner must pay a “termination fee” that is equal to the broker’s commission.
- This particular brokerage operates in 30 states, including KY, and is subject to numerous lawsuits filed by Attorneys General in Florida, North Carolina, Ohio and Pennsylvania. In addition to legal action, 16 state legislatures have taken action to ban this deceptive and unfair practice.

THE SOLUTION

- ✓ HB 88 (Section 3) protects the consumer from these deceptive and predatory practices by making it clear that a residential listing service agreement, **shall be limited to 2 years and shall NOT be recorded in property records, NOT impose a lien on residential property, NOT bind future owners or run with the land.**
- ✓ HB 88 establishes penalties for a violation of the law to hold bad actors accountable.
- ✓ Vote YES on HB 88 to protect Kentucky Homeowners!