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March 3, 2023

The Honorable Lori D. Wilson

California State Assembly

1021 O Street, Ste. 5150

Sacramento, CA 95814

RE: SPONSOR, AB 1242 Real estate: contracts granting exclusivity to sell: one-year maximum

Dear Assembly Member Wilson:

On behalf of the Solano County Board of Supervisors, I write in support and sponsorship of AB 1242, which will protect homeowners from abusive practices that will cause financial harm for decades to come. AB 1242 would prohibit a real estate broker from entering into a contract that grants an agent the exclusive right to list or sell in excess of one year. The bill would prohibit the total damages or other compensation to be collected from a consumer for breach of a contract in violation of this limit, from exceeding the compensation, if any, paid to the consumer to enter into the contract. The bill would also exempt a violation of the one-year maximum from the criminal sanctions.

Recently, the Solano County Recorder's office has been presented with several documents for recording by a realty group named MV Realty, based in Del Ray Beach, Florida, that have executed what are being called "Homeowner Benefit Agreements." These irrevocable agreements are problematic and have two provisions: The homeowner has been provided hundreds up to a few thousand dollars in exchange for agreeing that if they choose to sell their home in the next twelve months, the homeowner is obligated to utilize this one realty group to sell their home; and that for the next forty years, if the home is sold or transferred, no matter which realty group ultimately sells the home, MV Realty will receive 3-6% of the proceeds of the sale based on the fair market value of the home. Moreover, MV Realty at one point on their website had noted that their year-end goal for 2022 was to have 100,000 HBAs signed across the nation. Their practices are nationwide.

Solano County has subsequently learned that these recordings have been made in at least 17 California Counties as well. These HBA's have caused significant problems for homeowners and as such three United States Senators have requested that federal agencies also investigate MV's practices. Additionally, the Florida, Massachusetts and Pennsylvania Attorneys General have initiated a lawsuit against MV Realty regarding their Homeowner Benefit Agreements.

Legislation like AB 1242 is needed because these agreements should not be recorded by a county recorder because they do not meet the statutory requirements as they do not affect the title or possession of the property. There are also concerns that the nature of these agreements is potentially abusive. This is especially the case when the consumers targeted are elderly or otherwise financially compromised homeowners that may not fully comprehend the implications to which they are agreeing.

Therefore, AB 1242 would stop the abusive practices of companies like MV Realty that are inducing unknowing homeowners into decades-long agreements tied to the transfer or sale of their home. AB 1242 explicitly establishes that realtors cannot bind sellers to exclusive listing agreements that last more than one year and establishes that exclusive listing agreements are not recordable documents.

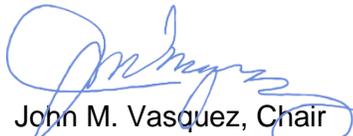
Honorable Lori D. Wilson

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For these reasons, Solano County is pleased to support and sponsor AB 1242.

Sincerely,



John M. Vasquez, Chair
Solano County Board of Supervisors

CC:

The Honorable Bill Dodd, Senator

The Honorable Solano County Board of Supervisors

Bernadette Curry, Solano County Counsel

Glenn Zook, Solano County Assessor-Recorder

Karen Lange, SYASL Partners