

AMERICAN
LAND TITLE
ASSOCIATION



TESTIMONY OF THE AMERICAN LAND TITLE ASSOCIATION

ON

**L.D. 1306 – “AN ACT TO PROTECT HOMEOWNERS FROM UNFAIR AGREEMENTS
TO EXCLUSIVELY LIST RESIDENTIAL REAL ESTATE FOR SALE”**

BEFORE

**THE JOINT STANDING COMMITTEE ON INNOVATION, DEVELOPMENT,
ECONOMIC ADVANCEMENT AND BUSINESS**

**TUESDAY, APRIL 11, 2023
AUGUSTA, MAINE**

Senate Chair Chip Curry, House Chair Tiffany Roberts and Members of the Joint Standing Committee on Innovation, Development, Economic Advancement and Business:

The American Land Title Association (ALTA) appreciates the opportunity to submit testimony on L.D. 1306, “An Act to Protect Homeowners from Unfair Agreements to Exclusively List Residential Real Estate for Sale.” ALTA supports the passage of L.D. 1306, which will protect homeowners from the predatory practice of filing unfair real estate fee agreements in property records.

ALTA is the national trade association representing over 6,200 title and settlement agents, independent abstracters, title searchers, real estate attorneys and underwriters, ranging from small one-county operations to larger national title insurers across the United States.

Last year, ALTA learned that real estate brokerage firms have been paying homeowners as little as \$300 to sign long-term real estate listing agreements, some for up to 40 years. The typical penalty for cancellation or non-compliance years later is 3% of property value, significantly more than any upfront payment received.

Recording these agreements in the land records is an attempt to create a lien, which adds costs and complications to real estate transfer or financing, including access to home equity. Additionally, these agreements attempt to bind not only the signers, but also their heirs, who may or may not have knowledge of the agreement.

Over the last few months, ALTA along with AARP, industry partners and real estate law experts have drafted and promoted legislation to make these agreements unrecordable and unenforceable. Already, legislation restricting or limiting the use of these unfair agreements has passed in Utah, Colorado, North Dakota, Georgia, Tennessee, and Idaho with bills currently moving in another dozen states. Additionally, five state attorneys general have filed complaints regarding these agreements.

A home represents a consumer's largest financial investment, and the best way to support the certainty of land ownership is through public policy that ensures there are no unreasonable restraints on a homebuyer's future ability to sell or refinance their property due to unwarranted transactional costs.

Thank you for the opportunity to submit testimony on this important issue. We hope you will support the passage of L.D. 1306. ALTA looks forward to reviewing the comments and testimony offered by others interested in L.D. 1306, and we are happy to serve as a resource for this committee as any questions arise. For any questions, please reach out to Elizabeth Blosser at eblosser@alta.org or Caroline Cone at ccone@alta.org.