



HOUSE OF REPRESENTATIVES

2 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0002

(207) 287-1400

MAINE RELAY 711

Arthur L. Bell

14 Atlantic Reach
Yarmouth, ME 04096
Arthur.Bell@legislature.maine.gov
Cell: (207) 415-1217
Residence: (207) 846-0148

Good afternoon Chairs Senator Curry, Representative Roberts and members of the Committee on Innovation, Development, Economic Advancement and Business. My name is Art Bell, and I represent House District #103, the town of Yarmouth.

I come before you today to introduce LD 1306, **"An Act to Protect Homeowners from Unfair Agreements to Exclusively List Residential Real Estate for Sale"**.

I was asked by my constituent, Attorney Thomas Cox of Yarmouth, to offer LD 1306 which is a bill to block an abusive real estate brokerage practice that has now spread across 32 state and is causing serious harm to low-income homeowners. In his Of-Counsel role at the National Consumer Law Center based in Boston and Washington, he has become aware of the predatory practices of a Florida based real estate company and became concerned about what might happen if these practices start to harm low-income Maine homeowners.

This company, MV Realty, lures low-income homeowners into 40 year contracts whereby those homeowners agree that, if they ever want to sell their homes, they will use only MV Realty or an affiliate as the real estate broker. MV Realty offers those homeowners only a small cash payment – usually less than \$1,000 – to lure them into these contracts.

Tying a homeowner to a 40-year contract, which surely will be forgotten in a few years, is bad enough. But these contracts legally obligate the homeowners to pay MV Realty a 3% commission even if it does nothing to earn it. For example, if the homeowner is foreclosed upon, they will be liable to pay the 3% commission even though the homeowner is broke. Or if the homeowner conveys their title to a spouse, the 3% commission will have to be paid. Or, if the homeowner dies, the 3% commission will be due and will become a claim against their estate. To make matters worse, the MV Realty scheme results in the recording of the summary of the 40-year contract in the registry of deeds, which encumbers the homeowner's property just like a mortgage does, and which blocks the ability of the homeowner to even refinance the house.

Attorney Cox is here and will explain how legislatures and attorneys general across the country are taking action to stop these predatory practices, and why the Maine Legislature must act to prevent this predatory practice from spreading to Maine.

I urge you to pass LD 1306 to protect low-income Mainers from this predatory practice.