



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 657

PRINTER'S NO. 2821

PRIME SPONSOR: Bullock

COST / (SAVINGS)

FUND	FY 2023/24	FY 2024/25
General Fund	See Fiscal Impact	See Fiscal Impact

SUMMARY:

House Bill 657 creates the free-standing Unfair Real Estate Services Agreements Act.

ANALYSIS:

This bill provides protection against unfair realty agreements by establishing prohibitions and requirements for these agreements, providing a right of recovery for consumers, and adding definitions. It provides that an unfair real estate service agreement is void and unenforceable as a matter of law and such an agreement entered into with a consumer shall be deemed a deceptive act under Act 387 of 1968, known as the Unfair Trade Practices and Consumer Protection Law.

It prohibits a person recording or causing to be recorded an unfair real estate service agreement or memorandum of an unfair real estate service agreement and any person who violates this prohibition shall be guilty of a misdemeanor of the third degree. A county recorder of deeds may refuse to accept an unfair real estate service agreement and if such an agreement is recorded, it shall not provide actual or constructive notice against an otherwise bona fide purchaser or creditor. A party with interest in the real property that is part of an unfair real estate service agreement recorded in the Commonwealth may apply to the court of jurisdiction in the county where the recording exists to record a court order deeming the agreement unenforceable.

A consumer with an interest in the real property may bring a civil action against the real estate service provider that may include, but is not limited to:

- Preliminary and other equitable or declaratory relief as appropriate.
- An order that the consumer is not required to repay or reimburse any money paid to the consumer by the real estate services provider.
- Actual damages suffered by the consumer with a \$5,000 cap for those under 60 years old and a \$15,000 cap for those 60 and older.

In addition to providing definitions for association, consumer, person, real estate service, real estate service agreement, real estate service provider, recording, residential real estate, and unfair real estate service agreement, it clarifies that this law does not alter or amend the Real Estate Licensing and Registration Act.

Finally, it outlines penalties, deeming that if a realty agreement violates this law, it shall be deemed unenforceable, and the violation shall constitute an unfair method of competition and an unfair or deceptive act. A real estate professional found to be in violation of this act shall be subject to actual damages incurred by any person with an interest in the residential real property, including reasonable costs and attorney fees.

This legislation shall take effect in 60 days.

FISCAL IMPACT:

This bill could have a potential impact on Commonwealth funds, however, absent data on how many individuals could be convicted of a misdemeanor of the third degree under this bill, the fiscal impact is indeterminate.

PREPARED BY: Chris Fetterman, MPA, Special Advisor
House Appropriations Committee (D)

DATE: April 8, 2024

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.