

# Legislative Analysis



## VOID AND UNENFORCEABLE RIGHT-TO-LIST HOME SALE AGREEMENTS

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**Senate Bill 602 (S-1) as reported from House committee**  
**Sponsor: Sen. Kevin Hertel**  
**House Committee: Regulatory Reform**  
**Senate Committee: Regulatory Affairs**  
**Complete to 5-17-24**

Analysis available at  
<http://www.legislature.mi.gov>

*(Enacted as Public Act 122 of 2024)*

### SUMMARY:

Senate Bill 602 would amend the Occupational Code to specify when a *right-to-list home sale agreement* would be void and unenforceable and to provide that a licensed real estate broker would be subject to the penalties laid out in Article 6 of the act<sup>1</sup> if they enter into such an agreement.

Under the bill, a right-to-list home sale agreement would be void and unenforceable if any of the following apply to the agreement:

- It is not in writing.
- It is not signed by all persons that have an ownership interest in the residential real estate considered in the agreement.
- It is for a period of more than two years.
- It does not include both of the following:
  - An option for the owner to terminate the agreement before its expiration date for an amount of consideration payable to the real estate broker that is not more than the initial consideration the broker paid to the owner with interest of 6% per annum that starts from the date the broker provided the initial consideration through the date that the owner terminated the agreement.
  - The period of time the agreement is effective and an explanation of the early termination option on the first page of the agreement in a conspicuous manner.

*Right-to-list home sale agreement* would mean an agreement between an owner of *residential real estate* and a real estate broker that obligates the owner to list the residential real estate for sale with the real estate broker at a future date in exchange for consideration. It would not include service provision agreements.

*Residential real estate* would mean the type of real estate described in MCL 339.2517(3).<sup>2</sup>

The bill would apply to agreements entered into, extended, or renewed on or after its effective date.

MCL 339.2501 and 339.2512 and proposed MCL 339.2512g

<sup>1</sup> <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-299-1980-6>

<sup>2</sup> <https://www.legislature.mi.gov/Laws/MCL?objectName=MCL-339-2517>

**BRIEF DISCUSSION:**

According to committee testimony, there have been examples of homeowners signing right-to-list sales agreements that have locked them into a contract for decades and required them to pay exorbitant cancellation fees to get rid of a lien on their home.

Supporters of the bill argued that it would provide guardrails and consumer protections to prevent this type of predatory behavior.

**FISCAL IMPACT:**

Senate Bill 602 would not have a fiscal impact on any units of state or local government.

**POSITIONS:**

Representatives of the following entities testified in support of the bill (4-23-24):

- Newaygo County Register of Deeds
- Michigan Realtors

Representatives of the following entities indicated support for the bill (4-23-24):

- Department of Licensing and Regulatory Affairs
- Zillow

Legislative Analyst: Alex Stegbauer  
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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.