

# Legislative Analysis



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

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<http://www.house.mi.gov/hfa>

**Senate Bill 602 (S-1) as passed by the Senate**  
**Sponsor: Sen. Kevin Hertel**  
**House Committee: Regulatory Reform**  
**Senate Committee: Regulatory Affairs**  
**Complete to 4-22-24**

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

### 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>

**FISCAL IMPACT:**

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

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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.