



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 602 (Substitute S-1 as reported)

Sponsor: Senator Kevin Hertel

Committee: Regulatory Affairs

CONTENT

The bill would amend the Occupational Code to specify conditions under which a right-to-list home sale agreement between an owner of residential real estate and a real estate broker would be void and unenforceable.

The bill specifies that a right-to-list home sale agreement would be void if the agreement were for a period of more than two years and if it did not include an option for the owner to terminate the agreement before its expiration date for an amount of consideration payable to the broker that was not more than the initial consideration the broker paid to the owner with interest. A right-to-list home sale agreement would not include a service provision agreement.

The bill also would subject a real estate licensee who entered into a void and unenforceable agreement to certain penalties, including revocation of a license, an administrative fine of not more than \$10,000, restitution, and probation.

MCL 339.2501 et al.

BRIEF RATIONALE

According to testimony, some homeowners have reported falling victim to predatory right-to-list home sale agreements that lock homeowners into 40-year agreements with unfavorable terms, giving realtors the power to determine what is an acceptable offer. Because home sales are often sought when homeowners are at vulnerable points in their lives, it has been suggested that homeowners need more regulation of legal right-to-list agreements to protect them from predatory practices.

Legislative Analyst: Nathan Leaman

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 2-21-24

Fiscal Analyst: Nathan Leaman