

United States Senate

WASHINGTON, DC 20510

September 6, 2023

Mr. Antony Mitchell
Chief Executive Officer
MV Realty
219 N. Dixie Boulevard
Delray Beach, FL 33444

Dear Mr. Mitchell:

We write regarding the risk that MV Realty’s Homeowner Benefit Program (HBP) poses to homeowners, including many older adults, in our states. Media coverage and recent lawsuits suggest that through the HBP, MV Realty frequently exploits homeowners by luring them into long-term commitments with the company’s real estate services while providing little to no benefit in return. MV Realty provides homeowners with inaccurate and inadequate information and disproportionately targets older adults and people with disabilities. Although MV Realty “temporarily suspended” new enrollment in the HBP following press and legal scrutiny, the company continues to advertise the HBP on its website.¹ We are concerned by MV Realty’s practices for the homeowners already enrolled in the program and the potential for future harm if HBP enrollment resumes. Accordingly, we ask that MV Realty commit to reexamining its business practices and provide us with information on the HBP, including how it targets consumers for enrollment.

Under the HBP, homeowners sign a Homeowner Benefit Agreement (HBA) requiring them to use MV Realty’s services if they decide to sell their home.² In return, the homeowner is paid a one-time, relatively small amount of money.³ The HBA is enforced through a lien on the home.⁴ The homeowner is locked into the contract for 40 years,⁵ and the agreement remains in place

¹ Brooklee Han, “MV Realty Pauses Right to List Agreement Program,” *RT Real Trends*, February 28, 2023, <https://www.realtrends.com/articles/mv-realty-pauses-right-to-list-agreement-program/>; “Homeowners Receive Cash with the Homeowner Benefit Program,” MV Realty, accessed August 24, 2023, [hereinafter “MV Realty HBP Page”], <https://homeownerbenefit.com/>.

² Bob Sullivan, “Real Estate Company Accused of Preying on Philadelphia Homeowners, Part 1,” April 28, 2023, in *The Perfect Scam*, produced by AARP, podcast, MP3 audio, 24:37, [hereinafter “AARP Podcast Part 1”], <https://www.aarp.org/podcasts/the-perfect-scam/info-2023/homeowner-benefit-program-part-1.html>.

³ Homeowners receive 0.3 percent of the value of their home for joining the HBP. Court documents note that this is often just a few hundred dollars. See Complaint, *Commonwealth of Pennsylvania v. MV Realty and Amanda Zachman*, 221201288, Court of Common Pleas of Philadelphia County, Pennsylvania First Judicial District, December 13, 2022, at 5, [hereinafter “Pennsylvania MV Realty Lawsuit”], <https://www.attorneygeneral.gov/wp-content/uploads/2022/12/2022-12-14-MV-Realty-Timestamped-Complaint.pdf>. See also Complaint, *State of North Carolina v. MV Realty et al.*, General Court of Justice, Superior Court Division, March 21, 2023, at 2, [hereinafter “North Carolina MV Realty Lawsuit”], <https://ncdoj.sharefile.com/share/view/s4f2bf770a0cc40459fefbee55f4f923>.

⁴ MV Realty disputes that its HBAs are enforced through a lien, even though its own website refers to putting “the memorandum or lien back on” homes that are being refinanced. See *Supra*, note 1, MV Realty HBP Page, at “Do you file a lien on my house?” and “What if I want to refinance my home?”

⁵ *Id.*, at “How does the Homeowner Benefit Program ® (HBP) work?”

even if the homeowner dies.⁶ Homeowners who use MV Realty’s services encounter agents who “fail to do even basic customary tasks” and may not even look out for the best interests of the seller.⁷ Homeowners who often unknowingly breach their contract with MV Realty must pay the company a percent of the ultimate home sale – a minimum of thousands of dollars.⁸ HBAs have been called “predatory loans,”⁹ and state Attorneys General have sued MV Realty over these schemes in Florida, Massachusetts, New Jersey, North Carolina, Ohio, and Pennsylvania.¹⁰ One lawsuit alleged that MV Realty’s lien “[makes] it difficult or impossible for homeowners to obtain loans based on the equity of their homes, refinance their mortgages, or obtain reverse mortgages.”¹¹

Court documents accuse MV Realty of targeting potential enrollees with misleading advertisements and inadequate information. For example, HBP advertisements “frequently imply that the HBA is a public program or merely a promotion offered to build name recognition and good will.”¹² Telemarketers emphasize that “homeowners pay nothing” unless they decide to sell their home, leading homeowners to believe there is little risk in the HBP.¹³ Once homeowners decide to join, HBA terms are buried “in the fine print.”¹⁴ Documents are not provided in advance, and are signed “without an attorney present in consumers’ living rooms, on car hoods,

⁶ *Id.*, at “What if I die? Is my family obligated to using MV Realty as its real estate agency?”

⁷ *Supra*, note 3, North Carolina MV Realty Lawsuit, at 4. Under some HBAs, MV or its assignee will act as a “non-agent facilitator.” A non-agent facilitator has fewer duties and obligations to the homeowner than a typical realtor, including no obligation to seek the highest price. *See* Complaint, *Commonwealth of Massachusetts v. MV Realty PBC, LLC*, Superior Court, December 13, 2022, at 7, [hereinafter “Massachusetts MV Realty Lawsuit”], <https://www.mass.gov/doc/mv-realty-complaint/download>; *Supra*, note 3, North Carolina MV Realty Lawsuit, at 46-47.

⁸ Bob Sullivan, “Real Estate Company Accused of Preying on Philadelphia Homeowners, Part 2,” May 5, 2023, in *The Perfect Scam*, produced by AARP, podcast, MP3 audio, 47:31, <https://www.aarp.org/podcasts/the-perfect-scam/info-2023/homeowner-benefit-program-part-2.html>; Order to Show Cause, New Jersey Real Estate Commission, REC-E-23-006, at 7-8. If the homeowner merely breaches the contract by hiring an outside broker, they owe a “cancellation fee” equaling three percent of the home’s value. If the homeowner actually sells their home through a non-cooperating broker, they owe a commission to MV Realty amounting to either six percent of the sale price of the home or three percent of the home’s calculated value in the HBA. *See* Order to Show Cause, New Jersey Real Estate Commission, REC-E-23-006, at 6.

⁹ Brandon Kochkodin, “Reality-TV Villain Meets Desperate Homeowners: Three States Are Suing Over Alleged Fast-Cash Scam,” *Forbes*, January 9, 2023, [hereinafter “*Forbes* Reality-TV Villain Article”], <https://www.forbes.com/sites/brandonkochkodin/2023/01/09/reality-tv-villain-meets-desperate-homeowners-three-states-are-suing-over-alleged-fast-cash-scam/?sh=2364703c4f6a>.

¹⁰ Complaint, *Office of the Attorney General, State of Florida v. MV Realty et al.*, 162026680, Circuit Court of the Thirteenth Judicial Circuit, Hillsborough County, Florida, November 29, 2022, [hereinafter “Florida MV Realty Lawsuit”], <https://www.myfloridalegal.com/files/pdf/page/E9E4A2F7281415CE85258909007259EC/Web+Link.pdf>; *Supra*, note 7, Massachusetts MV Realty Lawsuit; Complaint, *Matthew J. Platkin, Attorney General of the State of New Jersey v. MV Realty PBC, LLC et al.*, Superior Court of New Jersey Chancery Division, Essex County, https://www.nj.gov/oag/newsreleases23/2023-0606_%20MV-Realty-Complaint.pdf; *Supra*, note 3, North Carolina MV Realty Lawsuit; Complaint, *Ohio Department of Commerce, Division of Real Estate and Professional Licensing v. Amanda Zachman et al.*, Court of Common Pleas, Franklin County, Ohio, February 13, 2023, [https://www.ohioattorneygeneral.gov/Files/Briefing-Room/News-Releases/MV-Realty-Complaint-\(1\).aspx](https://www.ohioattorneygeneral.gov/Files/Briefing-Room/News-Releases/MV-Realty-Complaint-(1).aspx); *Supra*, note 3, Pennsylvania MV Realty Lawsuit.

¹¹ *Supra*, note 3, North Carolina MV Realty Lawsuit, at 15.

¹² *Supra*, note 7, Massachusetts MV Realty Lawsuit, at 9.

¹³ *Supra*, note 3, Pennsylvania MV Realty Lawsuit, at 5.

¹⁴ *Id.*, at 6.

or, in at least one case, at a local Dunkin Donuts.”¹⁵ Often these meetings take only minutes and the notary public in attendance leaves with the only copies of the agreement.¹⁶ Ultimately, these practices suggest that homeowners are unaware of the risks of signing agreements with MV Realty.

Given the risks to homeowners, we are particularly troubled by reports that MV Realty disproportionately targets solicitations for its HBP to older adults, people with disabilities, and people of color. In Florida, the attorney general alleges “many of the consumers who have entered into the HBA are seniors and some have limited cognitive capacity; others speak English as a second language.”¹⁷ According to one analysis, 69 percent of MV Realty’s mortgages in Philadelphia went to Black homeowners, while 37 percent of all Philadelphia homeowners are Black.¹⁸ In neighboring Delaware County, Pennsylvania, 42 percent of MV Realty’s mortgages went to Black homeowners while just 14 percent of homeowners are Black.¹⁹

As the Chairs of the Senate Special Committee on Aging; the Senate Committee on Banking, Housing, and Urban Affairs; and the Senate Committee on Finance, we are charged with protecting the financial well-being of older adults, including their housing stability, and examining the development of financial products that might compromise that stability.²⁰ We have an interest in ensuring that people who work hard to obtain home ownership are not subjected to scams and financial exploitation. Given the demonstrated risk that MV Realty’s HBP poses to homeowners, we request that you answer the following questions by October 5, 2023:

1. MV Realty states that the HBP provides “numerous benefits” for homeowners, including “your very own real estate agent and real estate partner.”²¹ However, it has been reported that MV Realty’s employees or contractors often fail to conduct showings or even put up for sale signs.²² Further, at least some MV Realty employees or contractors act as “non-agent facilitators” with fewer duties and obligations to the homeowner than traditional real estate agents.²³

¹⁵ “AG’s Office Secures Preliminary Injunction Against MV Realty, Blocking the Company from Stripping Equity from Homeowners,” Massachusetts Office of the Attorney General, March 3, 2023, <https://www.mass.gov/news/ags-office-secures-preliminary-injunction-against-mv-realty-blocking-the-company-from-stripping-equity-from-homeowners>.

¹⁶ *Supra*, note 2, AARP Podcast Part 1.

¹⁷ *Supra*, note 10, Florida MV Realty Lawsuit, at 11.

¹⁸ Philadelphia City Council, “Committee on Housing, Neighborhood Development and the Homeless 12-14-2022,” filmed December 14, 2022 via Microsoft Teams, video, 1:21:21, at 46:11, <https://www.youtube.com/watch?v=mE0coSngrEQ>.

¹⁹ *Id.*, at 46:42.

²⁰ “Rules,” United States Senate Special Committee on Aging, accessed August 25, 2023, <https://www.aging.senate.gov/about/rules>; “Jurisdiction,” United States Senate Committee on Banking, Housing, and Urban Affairs, accessed August 25, 2023, <https://www.banking.senate.gov/about/jurisdiction>; “Jurisdiction,” United States Senate Committee on Finance, accessed August 25, 2023, <https://www.finance.senate.gov/about/jurisdiction>.

²¹ *Supra*, note 1, MV Realty HBP Page, at “Are there any other benefits I receive, beyond the cash incentive, for joining the HBP?”

²² *Supra*, note 3, North Carolina MV Realty Lawsuit, at 4.

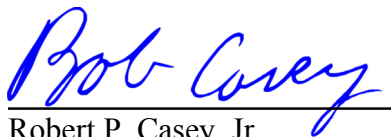
²³ *Id.*, at 46-47; *Supra*, note 7, Massachusetts MV Realty Lawsuit, at 7.

- a. How many MV Realty employees or contractors interact directly with homeowners? How many of these employees or contractors are acting as (1) non-agent facilitators, (2) licensed real estate agents, or (3) licensed real estate brokers?
 - b. How much time were MV Realty's agents, brokers, and non-agent facilitators expected to spend on selling homes versus enrolling homeowners in the HBP in each of 2020, 2021, and 2022? Please provide all guidance and policies related to time management that MV Realty provided to its employees, contractors, and managers during that time period.
 - c. How many HBP home sales were successfully facilitated by MV Realty agents, brokers, or non-agent facilitators in each of 2020, 2021, and 2022? How many HBP enrollees sought to sell their homes through MV Realty each of those same years, but removed their homes from the market or sold them without MV Realty's assistance?
 - d. How much revenue did MV Realty earn in each of 2020, 2021, and 2022 from HBP home sales facilitated by MV Realty's own employees or contractors? How much revenue did it earn in each of the same years from HBA cancellation fees or commissions on sales made by non-cooperating brokers? For each year, please provide the revenue figures by state, listing the number of sales and cancellations that occurred in each state.
2. What guidance does MV Realty provide to employees, contractors, and notaries related to the signing of HBAs, including but not limited to, (a) guidance related to the location and length of meetings to sign documents, (b) the availability of documents before signing, (c) when and how to provide a copy of documents to HBA enrollees, and (d) protections for older adults, homeowners with limited English proficiency, and homeowners with intellectual and developmental disabilities? Please provide all copies of guidance and policies that have been provided to MV Realty employees and contractors from 2020 to present.
3. Please describe the following:
 - a. Factors MV Realty used in 2020, 2021, and 2022 to target its outreach to specific households and neighborhoods for enrollment in the HBP. Please provide all documents related to the targeting of outreach activities.
 - b. A list of all trainings and instructional materials that MV Realty provided to its employees in 2020, 2021, and 2022 to advise them on which demographics to target as potential HBP enrollees. Please share training documents, as well as any directives from MV Realty management related to marketing to older adults, people with disabilities, immigrants, and communities of color.

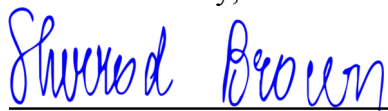
- c. Advertising MV Realty used for the HBP in 2020, 2021, and 2022, including but not limited to, print advertising, online advertising, direct solicitations via phone calls or text messages, social media, and door-to-door sales. Please provide examples of each category of advertisement listed above, as well as scripts for telemarketing and door-to-door outreach.
 - d. How MV Realty targeted its online advertising for the HBP in 2020, 2021, and 2022, including criteria and phrases that would generate advertisements for the HBP on search engine result pages, on social media platforms, and on other websites. Please also include a list of websites on which advertisements for the HBP appeared, including social media sites and search engines.
 - e. The lawsuit filed by the North Carolina attorney general claims MV Realty purchases information from third-party lead generation companies.²⁴ Lead generation companies use online advertising to gather data from consumers. The lead generation companies sell that data to other companies that use it to generate new business.²⁵ Please provide the names of lead generation companies from which MV Realty purchased data in 2020, 2021, and 2022. Please include the type of data purchased, the number of homeowners who were contacted about the HBP using that data, and the number of homeowners who joined the HBP as a result of outreach using that data.
4. Reports suggest that MV Realty may have started the HBP with the intention to securitize HBAs.²⁶ Please detail the number of HBAs that MV Realty has securitized, as well as the names of private equity or other financial institutions that MV Realty has worked with or considered working with to securitize HBAs.

Thank you for your attention to this important issue. If you or your staff have questions, please contact Doug Hartman for Chairman Casey at 202-224-5364, Megan Cheney for Chairman Brown at 202-224-7391, or Madison Moskowitz for Chairman Wyden at 202-224-5244.

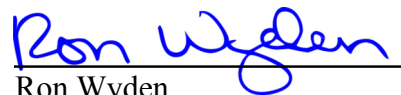
Sincerely,



Robert P. Casey, Jr.
United States Senator
Chairman, Special
Committee on Aging



Sherrod Brown
United States Senator
Chairman, Committee on
Banking, Housing, and Urban
Affairs



Ron Wyden
United States Senator
Chairman, Committee
on Finance

²⁴ *Supra*, note 3, North Carolina MV Realty Lawsuit, at 34.

²⁵ *Id.*, at 34; Alexandra Megaris and Jonathan L. Pompan, “Government Puts Squeeze on Lead Generation Marketing,” *Insights*, Venable LLP, March 14, 2016, <https://www.venable.com/insights/publications/2016/03/government-puts-squeeze-on-lead-generation-marketing>.

²⁶ *Supra*, note 9, *Forbes* Reality-TV Villain Article; *Supra*, note 7, Massachusetts MV Realty Lawsuit, at 8.