

DISTRICT COURT ADAMS COUNTY COLORADO 1100 Judicial Center Drive Brighton, CO 80601 <hr/> STATE OF COLORADO, <i>ex. rel.</i> , PHILIP J. WEISER, ATTORNEY GENERAL Plaintiff, v. MV REALTY OF COLORADO, LLC; MV REALTY PBC, LLC Defendants.	DATE FILED April 30, 2025 10:27 AM FILING ID: F4C4A4C4F9CDD CASE NUMBER: 2025CV30655 <p style="text-align: center;">^ COURT USE ONLY ^</p>
PHILIP J. WEISER, Attorney General LAUREN M. DICKEY, 45773* First Assistant Attorney General BRADY J. GRASSMEYER, 47479* Senior Assistant Attorney General CONOR A. KRUGER, 54111* SOLEIL BALL VAN ZEE, 59644* Assistant Attorneys General Ralph L. Carr Colorado Judicial Center 1300 Broadway, 10th Floor Denver, CO 80203 Telephone: (720) 508-6000 *Counsel of Record	Case No. Div.:
COMPLAINT	

Plaintiff Philip J. Weiser, Attorney General for the State of Colorado, in his official law enforcement capacity, alleges as follows:

I. Introduction

1. Attorney General Philip J. Weiser brings this action to enjoin Defendants MV Realty of Colorado LLC and MV Realty PBC LLC (collectively, “Defendants” or “MV Realty”) from continuing to benefit from the unfair, misleading, and deceptive 40-year contracts they sold hundreds of Colorado homeowners.

2. The Attorney General seeks an injunction, civil penalties, restitution for consumers, profit disgorgement, and attorney’s fees and costs.

3. From 2021 until 2023,¹ Defendants aggressively pursued Colorado homeowners to enroll them in Defendants’ “Homeowner Benefit Program.” To enroll in the Homeowner Benefit Program, a homeowner had to sign a Homeowner Benefit Agreement, commonly known as an HBA.²

4. On its face, the HBA presented a simple proposition. In exchange for a small cash payment, which Defendants call a Promotional Fee, a homeowner who agreed to the HBA gave Defendants the exclusive right to be the homeowner’s real estate agent if the homeowner sold their home in the future.

5. In reality, by selling HBAs to Colorado homeowners, Defendants engaged in several unfair, unconscionable, and deceptive acts and practices that violated the Colorado Consumer Protection Act (CCPA). For example:

- a. Defendants specifically targeted Colorado homeowners experiencing financial difficulties with unequal access to information or bargaining power, some of whom were over the age of sixty;
- b. Defendants required that homeowners agree to use them as their real estate agent for the next *40 years*, and during that entire time, Defendants were guaranteed either an Early Termination Fee or a “commission” based on the value of the homeowner’s home, worth thousands more than the money Defendants paid homeowners as a Promotional Fee—regardless

¹ In 2023, the Colorado General Assembly enacted a statute that made it a deceptive trade practice to enroll homeowners into a broker engagement contract like the Homeowner Benefit Agreement. Ch. 50, Sec. 2, § 6-1-105(1)(uuu) 2023 Colo. Sess. Laws 181 (S.B. 23-077). On information and belief, Defendants stopped selling HBAs to homeowners before S.B. 23-077 went into effect. Defendants, however, continue to benefit from their misleading and deceptive conduct that took place prior to S.B. 23-077, which was, and continues to be, a violation of the Colorado Consumer Protection Act.

² In marketing materials, Defendants use the terms Homeowner Benefit Program and Homeowner Benefit Agreement interchangeably. Unless context requires otherwise, this Complaint will refer to the agreement as the HBA.

of whether Defendants did anything to market and sell the homeowner's home; and

- c. Defendants then recorded a "Memorandum of MVR Homeowner Benefit Agreement" ("Memorandum") on the title of the homeowner's property, which functioned as a lien and clouded the title to the homeowner's home, affecting their ability to sell or refinance.

6. These HBAs violate the CCPA and are thus void as to Colorado homeowners.

7. Defendants also violated the CCPA by utilizing deceptive tactics to convince homeowners to agree to an HBA. For example, Defendants:

- a. Published misleading advertising materials;
- b. Used high-pressure and misleading sales tactics; and
- c. Omitted critical information about the HBA from communications with homeowners, like the fact that the HBA would last 40 years and that it would be recorded as a lien against the homeowner's property.

8. Homeowners who complied with the HBA and ultimately used Defendants as their real estate agents often received poor service from Defendants' agents, which ended up costing homeowners thousands of dollars in their home sales.

9. Other homeowners who *tried* to comply with the HBA and hire Defendants as their real estate agents never received return phone calls. After weeks of trying, these homeowners sold their homes via other means. Then, Defendants sued them for violating the HBA even though they did everything they could to comply with the HBA.

10. The procedural overreach by Defendants during the sales process, as evidenced by Defendants' high-pressure and misleading sales practices, coupled with HBA terms that unreasonably favor Defendants at the expense of homeowners, means that every HBA sold in Colorado is an unconscionable contract.

11. Coloradans who entered HBAs and subsequently sold or refinanced their homes suffered significant consequences costing them thousands of dollars through no fault of their own.

12. Hundreds more Colorado homeowners currently have the Memorandum recorded against their property and are likely to suffer the same consequences when they try to sell, refinance, or transfer their property in the future.

II. Parties

13. Philip J. Weiser is the Attorney General of the State of Colorado and is authorized under C.R.S. § 6-1-103 to enforce the provisions of the CCPA.

14. Defendant MV Realty of Colorado LLC is a Colorado limited liability company that does business in Colorado and has its principal place of business in Delray Beach, Florida. On information and belief, MV Realty of Colorado LLC is a wholly owned subsidiary of MV Realty PBC, LLC.

15. Defendant MV Realty PBC, LLC is a Florida limited liability company that directly or through its subsidiaries does business in Colorado and has its principal place of business in Delray Beach, Florida.

III. Jurisdiction and Venue

16. Pursuant to C.R.S. §§ 6-1-103 and 6-1-110(1), this Court has jurisdiction to enter appropriate orders prior to and following an ultimate determination of liability.

17. Some of the violations alleged herein occurred, in part, in Adams County, Colorado. Therefore, venue is proper in this Court. C.R.S. § 6-1-103.

18. All actions brought under the Colorado Consumer Protection Act must be commenced within three years after the date in which the last in a series of deceptive acts and practices took place. C.R.S. § 6-1-115.

19. Defendants sold HBAs in Colorado until at least November 2022.

20. Defendants continue to enforce their unfair and unconscionable liens and HBAs and, as recently as April 17, 2025, attempted to collect an Early Termination Fee from a Colorado homeowner with an HBA.

IV. Factual Allegations

21. In 2019, MV Realty PBC, LLC began operating in Florida by aggressively marketing a product they called a “Homeowner Benefit Agreement.” MV Realty expanded across the country and eventually began selling HBAs in at least thirty-three states, including Colorado.

22. MV Realty PBC, LLC is the sole member of MV Realty of Colorado, LLC. MV Realty of Colorado, LLC has three officers, all of whom are, or were, employees of MV Realty PBC, LLC.

23. In 2020, MV Realty PBC, LLC registered MV Realty of Colorado LLC, and the following spring, MV Realty of Colorado, LLC began selling HBAs to Colorado homeowners.

24. MV Realty PBC, LLC provided training, guidance, oversight, and support to employees of MV Realty of Colorado, LLC, and MV Realty PBC, LLC closely controlled MV Realty of Colorado, LLC. Given the close relationship the two entities had, this complaint uses the term “Defendants” to refer to MV Realty PBC, LLC and MV Realty of Colorado, LLC collectively.

25. Defendants sold HBAs to at least 892 Colorado homeowners.

26. The terms of each HBA that the Defendants sold to Colorado homeowners are substantially similar.

A. The HBA unfairly violated Colorado’s public policy and caused significant harm to homeowners.

27. The CCPA prohibits unfair business practices. Unfair business practices are those that violate public policy, that are unethical or oppressive, or that cause significant harm to homeowners.

28. Defendants continue to violate public policy by extracting money from vulnerable homeowners, guaranteeing themselves money without having to do any work, locking homeowners into 40-year contracts, and by recording liens against homeowners’ properties. Each of these business practices was unethical and oppressive.

29. Defendants’ business practices caused significant harm to homeowners. Multiple homeowners had to pay thousands of dollars to release the liens that Defendants had against their properties.

30. Hundreds more Coloradans are likely to suffer the same significant harm in the future when they try to sell, transfer, or refinance their home.

1. Defendants paid vulnerable homeowners a small amount to extract significant gains.

31. Defendants enticed homeowners into signing an HBA by promising a small cash payment when they signed the HBA. The HBA named this the “Promotional Fee.”

32. In Colorado, the average homeowner who agreed to an HBA received approximately 0.287% of their home’s value as a Promotional Fee. Some Colorado homeowners received as little as \$385 as their Promotional Fee. The average Promotional Fee that Defendants paid to Colorado homeowners was \$1,189.

33. Defendants advertised the HBAs extensively online. In these advertisements, Defendants misled homeowners into believing that they would not have to repay the Promotional Fee. As described in more detail below, these advertisements were misleading because a homeowner always had to repay the Promotional Fee.

34. Defendants’ advertisements targeted people who were in financial distress and looking for options to avoid foreclosure, using language in advertisements that homeowners could get cash today, without a credit check, and that the HBA was a program to help struggling homeowners.

35. While Defendants advertised the HBA as a lifeline to struggling homeowners, it was a burden that would affect homeowners’ financial lives for decades into the future.

2. The HBA guaranteed that Defendants would earn thousands of dollars from homeowners regardless of whether they did any work for the homeowner.

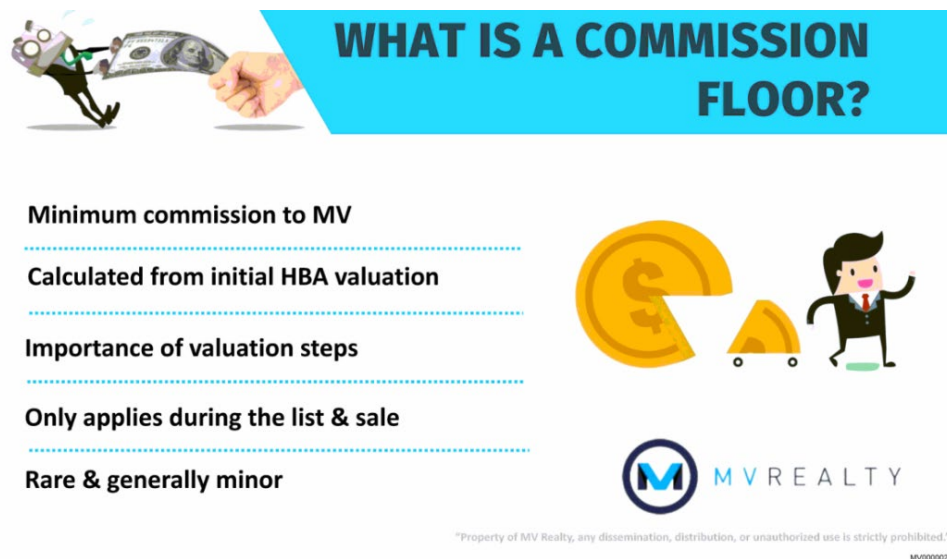
36. In exchange for the Promotional Fee, Defendants extracted significant concessions from homeowners.

37. First, Defendants were essentially guaranteed to be paid thousands of dollars from a homeowner in one of two forms: a real estate commission or an Early Termination Fee.

38. The first option for homeowners to repay the Promotional Fee is for the homeowner to pay Defendants a real estate commission if Defendants sell their home. The HBA states that Defendants will receive a 6% commission if they sell the home without a cooperating broker, typically a buyer’s real estate agent, or at least 3% if they sell the home with a cooperating broker.

39. The sales commission is based on the final sales price of the property which—because the HBA lasts 40 years—could be decades from the time the HBA is signed.

40. If property values dropped after the homeowner entered into the HBA, Defendants eliminated any risk from a decrease in a home's value by inserting a "commission floor" into the HBA. In training materials for their sales team, Defendants teach their staff that the "commission floor" was the "minimum commission" that Defendants would receive:



WHAT IS A COMMISSION FLOOR?

- Minimum commission to MV
- Calculated from initial HBA valuation
- Importance of valuation steps
- Only applies during the list & sale
- Rare & generally minor

MV REALTY

"Property of MV Realty, any dissemination, distribution, or unauthorized use is strictly prohibited." MV00000271

41. The commission floor is the Defendants' protection from decreasing home values because the home value used to calculate the commission floor is determined at the time the HBA is signed and is a fixed amount that applies regardless of the ultimate sales price for the property.

42. Moreover, the commission floor deprived homeowners of the benefit of competition. Because Defendants had a guaranteed commission of at least 3%, homeowners could not seek out a better value and benefit from having multiple agents compete for their business.

43. In sales training materials, Defendants bragged that the commission floor even applies to "depreciated/overvalued homes." But Defendants, the only ones to benefit from the commission floor, are the ones that assess the home's "value" to create the commission floor and are the sole arbiters of that value.

44. Given that the commission floor applies to overvalued or depreciated homes, Defendants are, with one extremely narrow exception described below, guaranteed a payment. Even if, decades from now, a home's value plummets, under

the HBA, Defendants can collect the commission floor that was set when the HBA was signed.

45. The second way that the HBA guarantees Defendants money is by the Early Termination Fee. Under the HBA, the homeowner must pay 3% of the home's value as an Early Termination Fee if the homeowner sells or transfers the property in a manner that does not result in Defendants being paid a commission.

46. Like the commission floor, Defendants alone determine the home's value for purposes of calculating the Early Termination Fee:

3. EARLY TERMINATION FEE AND OWNER LISTING PERIOD.

THIS AGREEMENT PROVIDES A FEE FOR EARLY TERMINATION AS SET FORTH IN THIS SECTION 3.

- a. In the event either (A) the Property Owner fails to perform any of its obligations under this Agreement, including, without limitation, entering into any Prohibited Engagements, or (B) an Early Termination Event (as defined below) shall occur, then the Property Owner shall immediately pay Company, as agreed upon liquidated damages and not as a penalty, an early termination fee (the "Early Termination Fee") in the amount of three percent (3%) of the greater of (i) \$478,840.00, the Property's current Realtors Valuation Model home value estimate, or (ii) the fair market value of the Property at the time of the Property Owner's breach or Early Termination Event, as reasonably determined by the Company. The Company and Property Owner agree that the damages resulting from a Property Owner default or Early Termination Event would be difficult to ascertain because of their indefiniteness or uncertainty and that the foregoing means of calculating the Early Termination Fee is fair, reasonable, and reasonably proportionate to the damages that would be caused by a breach of the Agreement.

Example of Early Termination Fee clause in HBA involving a property in Northglenn, Colorado (MV00001289).

47. The homeowner must pay the Early Termination Fee if they transfer the property under many common scenarios, like pursuant to a divorce decree, to refinance the mortgage, apply for a home equity line of credit, or to obtain a reverse mortgage.

48. The HBA says that Defendants will consider a homeowner's request to refinance in good faith, but they are under no obligation to do so. As described in more detail below, Colorado homeowners have had to pay an Early Termination Fee in order to close on the refinance of a property.

49. The obligation to pay the Early Termination Fee even lasts beyond the homeowner's death.

50. The only way a homeowner can transfer the property without paying the Early Termination Fee is by transferring it to a spouse, heir or devisee, but even then, the spouse, heir, or devisee must separately agree to be bound by the HBA within ten days of the transfer.

51. Homeowners can only escape paying the commission or Early Termination Fee in one very narrow circumstance. According to the HBA, if a homeowner used Defendants as their real estate agent for six months and were still unable to sell their house, Defendants would allow the homeowner to try and sell their house on their own or using another real estate agent. The six-month timeframe reset every time there was a decrease in the price of the property.

52. Even then, however, to avoid paying Defendants a commission or Early Termination Fee, the homeowner must sell the property within sixty days of the end of their listing agreement with Defendants for a price equal to or greater than the amount the Defendants listed the property.

53. But even this limited opportunity was illusory for at least one Colorado homeowner. An elderly Colorado couple who had an HBA were not able to sell their home using Defendants' real estate agent. According to the homeowner, the agent did not answer phone calls, did not ask questions about the house, failed to use the correct real estate commission forms in preparing the sale, and only visited the house once.

54. Defendants' agent did not sell their house within sixty days, but when the homeowner asked Defendants to let them out of the HBA given that the house did not sell, Defendants told them that their house was still subject to the HBA.

55. The HBA's guarantee of money to Defendants violates public policy because, in Colorado, the general rule is that "a real estate broker is entitled to a commission on the sale of a property only when the broker produces a buyer who is ready, willing, and able to purchase the property on the seller's terms." *Int'l Network, Inc. v. Woodard*, 2017 COA 44, ¶ 27.

56. By guaranteeing Defendants a payment from homeowners for decades after the HBA is signed, regardless of whether they do any work to sell the homeowner's home, Defendants violated this public policy for their own gain.

57. Many Colorado homeowners have had to pay Defendants even though the Defendants did no work to sell their home. Homeowners have been sued for Early Termination Fees and others were required to pay an Early Termination Fee to close on the sale of their home or proceed with their refinance. Defendants made this money on the backs of homeowners, without having to lift a finger.

58. For example, in September 2022, a Colorado homeowner who at the time was an active member of the Army, received \$1,100 as a Promotional Fee from Defendants after enrolling in an HBA. Only ten months later, the homeowner tried to refinance only to learn that the lender would not process the refinance without

first terminating Defendants' Memorandum. The homeowner had to pay approximately *ten times* the amount of the Promotional Fee back to Defendants so that he could close on his refinance.

3. The HBA locked homeowners in for 40 years.

59. In typical real estate transactions, a listing contract lasts a limited period to encourage a listing agent to work diligently to find a buyer for the property. Defendants have no such incentive.

60. Defendants are guaranteed to receive thousands of dollars from the homeowner in the form of a real estate commission or an Early Termination Fee for *four decades* after signing the HBA:

2. Term. This Agreement shall be effective from and after the Effective Date through the earlier of: (i) the date the Property is sold in an arms-length bona-fide transaction, and the Commission is paid to the Company, in accordance with the terms herein, and (ii) the date that is forty (40) years after the Effective Date (the "Term"), unless this Agreement is cancelled in writing by Company or terminated in accordance with Section 3 below. For the avoidance of doubt, Company and Property Owner acknowledge and agree that this Agreement shall continue in full force and effect through the Term notwithstanding that the Property Owner and the Company may have entered into a Listing Agreement. Subject to the provisions of Section 4 below, should any Listing Agreement expire or otherwise terminate without the payment of the Commission to Company, Company shall retain the exclusive listing rights set forth in Section 1 above for any future listing, all on the terms and conditions set forth in this Agreement. At the expiration of the Term, this Agreement shall terminate without prior notice.

Example of a 40 year term in an HBA involving a property in Northglenn, Colorado (MVR00001289).

61. During this entire time, Defendants are guaranteed cash, while the homeowner cannot cancel or even attempt to terminate the agreement without having to pay Defendants thousands of dollars.

4. By recording the Memorandum that accompanies the HBA, Defendants violated public policy

62. In Colorado, public policy "favors the transferability and marketability of interests in residential real property free from unreasonable restraints on alienation and covenants or servitudes that do not touch and concern the residential real property." C.R.S. § 38-35-127(1)(a).

63. After a homeowner agreed to an HBA, Defendants would record a Memorandum of MVR Homeowner Benefit Agreement ("Memorandum") on the title to the homeowner's property.

64. The Memorandum referenced that the homeowner has agreed to certain obligations under the HBA and listed the minimum amount of the Early Termination Fee that would be paid if the homeowner breached the HBA:

3. Under the Agreement, if the Property Owner fails to perform any of its obligations under the Agreement or there is a sale or other transfer of the Property that does not result in the Company being paid the amounts owed under the Agreement, then the Company is immediately owed an early termination fee (the “Early Termination Fee”) in the amount of three percent (3%) of the greater of (i) \$478,840.00, the Property’s Realtors Valuation Model home value, estimate on or about the Commencement Date, or (ii) the fair market value of the Property at the time of the Property Owner’s breach or the sale or transfer.
4. Property Owner has agreed that Property Owner’s obligations under the Agreement **shall constitute covenants running with the land and shall bind future successors in interest to title to the Property**, and any amounts owed by Property Owner to Company as a result of such default shall be secured by a security interest and lien in and against the Property.

Example of Memorandum involving a property in Northglenn, Colorado (MV00001299).

65. A lien is any encumbrance on property as security for the payment of a debt or performance of an obligation. C.R.S. § 38-35-201(2).

66. The Memorandum that Defendants recorded on the properties belonging to Colorado homeowners specifically referenced that the homeowner has agreed to certain obligations under the HBA and that they have agreed to pay an Early Termination Fee if they breach the HBA. The Memorandum is a lien.

67. Defendants knew they were creating a lien. In an internal presentation to investors, Defendants were unequivocal: the Memorandum was a “security interest” in contemplated future payments that provided “teeth to the [HBA]” and prevented the homeowner from conveying “clean title without receiving a lien release from MV Realty.”

M Secured Future Receivable Value / Cash Flows

- Each Forward Listing Contract grants the Company the right to record on the applicable land record its security interest in the contemplated future commission payments, thereby providing “teeth” to the contract in the event a homeowner uses a non-MV Realty brokerage to sell their home. Therefore, homeowner is unable to convey clean title without receiving a lien release from MV Realty.
- The Company actively monitors the MLS, FSBO, county/municipal tax records and other databases in order to quickly resolve potential Forward Listing Contract breaches before any sale.

CONFIDENTIAL MV REALTY 16 MVR_GA_0000228

68. In the rare event that Defendants did release a Memorandum, they would record a Termination of Memorandum of MVR Homeowner Benefit Agreement. This termination also made clear that the Memorandum was a lien

stating plainly that the Memorandum is released from the “effect, restriction, and encumbrance of the [HBA].”

69. In evaluating the substance of the Memorandum, multiple Colorado district courts have already concluded that the Memorandum referencing the HBA was recorded in violation of the spurious lien statute, and ruled that the homeowners are released from the liens. *See Order to Declare Spurious Lien Invalid, Estate of Lovato v. MV Realty of Colorado*, 2024CV31362 (Adams County Dist. Ct. Sept. 26, 2024); *Order and Decree, Estate of Mathew Marcus v. MV Realty of Colorado*, 2024PR30296 (Mesa County Dist. Ct. Jan. 24, 2025).

70. In declaring an HBA to be a spurious lien, one Colorado court found that MV Realty of Colorado “knew or should have known that it did not have legal authority to enforce such a document, and that the recording of the document would cloud the title of the real property preventing a sale or transfer.” *Order and Decree, Estate of Mathew Marcus*, 2024PR30296, ¶ 13. The court further found that the HBA is “groundless, contains material misstatements and false claims, and is otherwise invalid.” *Id.* ¶ 14.

71. While Defendants appear to have tried to create a covenant that ran with the land, the covenant in the Memorandum does not relate closely to the land, or its use and enjoyment.

72. The Memorandum only contains a personal covenant that the homeowner will pay Defendants, at a minimum, the Early Termination Fee. That covenant burdens the homeowner and benefits Defendants.

73. Colorado homeowners have suffered significant consequences because the Memorandum is recorded against their property. When homeowners with a Memorandum on their property are preparing to sell or refinance their property, the title company brokering the transaction usually tells homeowners that they must pay thousands of dollars from the closing proceeds to release the Memorandum and proceed with the transaction.

74. Many times, homeowners had no idea that Defendants filed anything against their property until they try to sell or refinance their property.

75. In addition to violating Colorado statute prohibiting the recording of covenants that do not run with the land, Defendants violated the Colorado Real Estate Commission’s rules that prohibit agents from filing a lien or lis pendens, or record a listing contract, to secure the payment of any commission or fee unless the agent has adjudicated a claim and a judgment is entered. 4 Colo. Code Regs. § 725-1:6.22(B).

76. Defendants violated public policy by recording a lien, in the form of a Memorandum, on the property of Colorado homeowners that agreed to an HBA. They acted unethically in doing so by violating the Real Estate Commission's rules prohibiting agents from preemptively securing commissions. And their actions caused significant harm to homeowners. Recording the lien was unfair.

B. Defendants used high pressure sales tactics and misrepresentations during the sale of HBAs while it targeted financially vulnerable homeowners

77. Even if the terms of the HBA were not unfair, Defendants violated the Colorado Consumer Protection Act by employing misleading and deceptive tactics while selling HBAs, providing real estate services, and interacting with homeowners.

1. Defendants misrepresented that homeowners would never have to repay the Promotional Fee.

76. Defendants enticed homeowners into signing an HBA by promising a small cash payment, called a Promotional Fee, when they signed the HBA.

77. Defendants advertised the HBAs extensively online on Google and Facebook.

78. These advertisements misled consumers about the fact that homeowners would have to repay the Promotional Fee.

79. In the advertisements, Defendants represented that the Promotional Fee was free money for anyone who enrolled in an HBA.

80. The language of these advertisements varied. For example, in advertisements, Defendants promised:

- a. cash for home improvement expenses without a loan;
- b. cash for home expenses without a loan;
- c. that the HBA was a loan alternative that required no monthly payment and no debt;
- d. quick cash that you don't have to pay back;
- e. quick cash without borrowing;

- f. up to \$5,000 cash without taking out a loan; and
- g. that the homeowner had no obligation to return the payment.

81. Defendants' advertisements told consumers that the HBA "seems too good to be true – but it's not!" It was, however, too good to be true.

82. Despite Defendants' representation that the money was free, the homeowners had an obligation to repay the money by paying a real estate commission or by paying an Early Termination Fee. In either event, homeowners had to pay Defendants multiple thousands of dollars more than they had received as a Promotional Fee.

2. Defendants misrepresented the value and benefits of the Promotional Fee

83. Defendants' advertisements mislead homeowners in other ways, too. For example, they said that Colorado consumers could receive up to \$5,000 cash, presumably as their Promotional Fee.

84. No Colorado homeowner who agreed to an HBA received \$5,000. Only .004% (four out of approximately 892) Coloradans received more than \$3,000. Conversely, sixty percent of the Colorado homeowners who enrolled in HBAs received less than \$1,000.

85. Defendants' advertisements also promised homeowners that they were under no obligation to sell their home.

86. For at least one Colorado homeowner that was false. In February 2022, a homeowner agreed to an HBA in Fruita, Colorado. At the time, the homeowner had no plans to sell their home.

87. For weeks and months, after signing the HBA, the homeowner received calls from Defendants asking if they were ready to sell their home. In these calls, Defendants repeatedly encouraged the homeowner to sell soon.

88. This homeowner became the caretaker for her teenage granddaughter after her son passed away. She learned about the HBA after searching the internet for information about refinancing her mortgage. She is now concerned that she will not be allowed to use her home to provide financial resources for her granddaughter or even devise the home to her granddaughter into the future.

89. Defendants' promises of free money preyed on vulnerable Coloradans who were experiencing financial difficulties or struggling to pay their mortgage.

90. For example, Defendants advertisements enticed homeowners with language like:

- a. get “CASH TODAY” without needing a credit check;
- b. “Get the Cash You Need Quickly Payouts in less than 24 hours;
- c. “Get Fast Cash Today Quick cash Without Borrowing;
- d. “Get Funds as Soon as Today Thinking About a HELOC?”
- e. “With everything going on, we understand finances may be tight right now. MV Realty can help.”
- f. “Hey homeowners. We know it’s been a tough year. MV Realty can help.”
- g. “No credit or bad credit is not a problem.”

91. Defendants promised that the cash payment was “more than a stimulus” because Coloradans who signed up would receive “ongoing support and guidance” because Defendants believed in building “long lasting relationships.”

92. Defendants were right that the relationship would be “long lasting” because the HBA lasted for 40 years, but Defendants did not provide ongoing support and guidance to the homeowner.

3. Defendants misrepresented that there would be a lien placed on a homeowner’s property

93. After the homeowner agreed to an HBA, Defendants recorded the Memorandum referencing the HBA on the title to the homeowner’s property.

94. Defendants often misrepresented the effect that this Memorandum had on homeowners.

95. In the FAQ section on Defendants’ website, they stated that the Memorandum is not a lien:

Do you file a lien on my house?

No, we file a memorandum. The purpose of the memorandum* is to serve public notice of the homeowner's obligations under the HBP ® agreement. In the event the customer breaches the agreement MV Realty has a right to a Lien against the home.

*In some states we file a different instrument such as a mortgage.

96. Defendants reiterated this misrepresentation in a January 15, 2025, letter it sent homeowners with HBA agreements regarding “possible misinformation circulating” about the HBA. In that letter, Defendants once again stated that it is “important to emphasize that the Memorandum is not a lien; it is simply a notice of our agreement.”

97. Further, Defendants stated that a “customer’s obligations under the HBA are covenants running with the land which binds future successors in interest, i.e., anyone who inherits the property.”

98. Defendants’ representations regarding the effect of the recorded Memoranda were false: Defendants’ Memoranda are liens because they are an encumbrance on real property that is security for the payment of a debt or performance of an obligation. *See* C.R.S. § 38-35-201(2).

4. Defendants engaged in high pressure and misleading sales practices

99. When a consumer indicated they were interested in an HBA, the Defendants moved quickly to sign them up. Often, a sales agent visited the homeowner at their home the day after the homeowner first contacted, or was contacted by, the Defendants.

100. Defendants taught their sales representatives to call potential customers four times in the first twenty-four hours after receiving an inquiry. The calls didn’t stop there – within a few days of receiving the inquiry, Defendants instructed their sales team to make a total of fourteen calls to prospective customers.

101. Sometimes, the sales agent would correspond with the homeowner over email and then Defendants would send a notary to the homeowner’s home to get them to sign the HBA as soon as possible.

102. One homeowner who inquired about an HBA was told to meet a notary at a McDonald's. In the McDonald's, the homeowner met the notary and signed up for the HBA. The homeowner had no idea that the contract lasted 40 years or that the Defendants would place a lien on their property.

103. When Defendants sent notaries to meet potential customers, the notary was the only person to show up. The notary did not, and could not, answer any questions about the HBA.

104. Defendants did not negotiate the HBA with individual homeowners. They just inserted the price of the Promotional Fee and Early Termination Fee and presented it to the homeowner, who they had just met.

105. Defendants routinely did not give homeowners an opportunity to read the HBA in advance.

106. Defendants also failed to disclose important facts about the HBA to get consumers to agree to the HBA. For example, Defendants routinely omitted information about the length of the HBA and multiple homeowners reported that they were never told that the agreement would last 40 years.

107. During the Attorney General's investigation, Defendants produced multiple versions of signed and finalized HBAs. Many of the HBAs that Defendants produced were simply missing the entirety of the HBA term.

2. Term. This Agreement shall be effective from and after the Effective Date through the earlier of: (i) the date the Property is sold in an arms-length bona-fide transaction, and the Commission is paid to the Company, in accordance

3. EARLY TERMINATION FEE AND OWNER LISTING PERIOD

THIS AGREEMENT PROVIDES A FEE FOR EARLY TERMINATION AS SET FORTH IN THIS SECTION 3.

- a. In the event either (A) the Property Owner fails to perform any of its obligations under this Agreement, including, without limitation, entering into any Prohibited Engagements, or (B) an Early Termination Event (as defined below) shall occur, then the Property Owner shall immediately pay Company, as agreed upon liquidated damages and not as a penalty, an early termination fee (the "Early Termination Fee") in the amount of three percent (3%) of the greater of (i) \$322,180.00, the Property's current Realtors Valuation Model home value estimate, or (ii) the fair market value of the Property at the time of the Property Owner's breach or Early Termination Event, as reasonably determined by the Company. The Company and Property Owner agree that the damages resulting from a Property Owner default or Early Termination Event would be difficult to ascertain because of their indefiniteness or uncertainty and that the foregoing means of calculating the Early Termination Fee is fair, reasonable, and reasonably proportionate to the damages that would be caused by a breach of the Agreement.

Example of an incomplete HBA involving a property in Commerce City, Colorado (MV00000991).

5. Defendants provided poor real estate services

108. Homeowners who tried to comply with the terms of the HBA and use Defendants as their real estate agent fared no better. Homeowners often had

difficulties finding someone at MV Realty to serve as their real estate agent. Some consumers who contacted an agent were pressured into taking below-market offers for the sales of their properties.

109. Defendants also failed to advocate for clients in a transaction with a conflict of interest. For example, with MV agents on both sides of a transaction, an MV real estate agent urged a homeowner to take an offer that included retaining ownership of solar panels on the house and maintaining the mineral rights on the house.

110. One homeowner signed up for an HBA on September 7, 2021 and received a \$1,200 Promotional Fee. Ten months later, he learned that he was being relocated for his work and needed to sell his home quickly. He called Defendants using the phone number given to him by the representative that signed him up for the HBA. He left a message but did not receive a response. Then, the homeowner contacted Defendants through the website, but again did not receive a response.

111. After two weeks and still not receiving a response, the homeowner contacted a company that offers to buy houses for cash because they could close the transaction quickly. A few days later, the homeowner received a call from Defendants' attorney telling him that he was breaching his HBA.

112. Despite showing Defendants proof that he tried to contact them before selling the property on his own, Defendants enforced the HBA and required that the homeowner pay \$11,521.50 to Defendants as an Early Termination Fee at closing.

113. Another homeowner enrolled in an HBA after being solicited by email or text, two years after searching the internet for refinancing options. When the homeowner sought to sell her home, Defendants' website stated that she could choose from one of about 12 real estate agents. The homeowner researched the realtors and learned that most of them were not licensed in Colorado and those who were licensed, had only closed one or two transactions.

114. Concerned about the experience of the real estate agents offered by Defendants, the homeowner chose to use a real estate agent that was not affiliated with Defendants. As the sale of her house was pending, the homeowner learned that Defendants had filed a lis pendens on her property. The homeowner tried to negotiate a resolution with Defendants that would allow the lis pendens to be released, but she ended up having to pay a Termination Fee in order to proceed with the sale.

115. A different homeowner entered into an HBA without knowing that it created a lien on his property and without knowing that the obligation lasted 40

years. The homeowner contacted Defendants when he wanted to sell his house but he wanted to sell it as-is, and Defendants insisted that he prepare the home for sale and host home showings for prospective buyers. So, to sell the property quickly, the homeowner contacted an investment company. After selling the home to an investment company, Defendants demanded that the homeowner pay an early termination fee.

116. Yet another homeowner entered into an HBA and received \$1,600 as a Promotional Fee. The notary visited him at his home to sign the HBA shortly after the homeowner reached out to Defendants to inquire about the HBA.

117. When the homeowner was getting divorced, he needed to sell his home quickly. He contacted Defendants and they sent one of their real estate agents to meet with him.

118. The real estate agent working for Defendants suggested listing the home for \$510,000—\$80,000 below its market value. The homeowner disagreed with the valuation but moved forward with using the Defendants' agent, despite having significant concerns about the agent's professionalism. Defendants also never sent the homeowner the listing agreement despite his repeated inquiries.

119. An investment company offered the homeowner \$590,000 for his property as-is and could complete the sale quickly. Only after agreeing to sell the property to the investment company did Defendants demand an Early Termination Fee from the homeowner.

120. Despite his efforts trying to engage with the Defendants prior to his home's sale, the homeowner had to pay an approximate \$17,000 Early Termination Fee to Defendants.

121. Another homeowner reported that during the height of the Covid pandemic, they were having trouble making ends meet and their house fell into foreclosure. The homeowner negotiated a refinance with his mortgage company only to learn that Defendants considered the foreclosure a breach of the HBA and required him to pay approximately \$30,000 of his home's equity to close on the refinance.

122. On August 7, 2024, the Colorado Real Estate Commission, after a long and detailed investigation, entered into a Stipulation and Final Agency Order with MV, for license surrender, fines, and public censure.

123. The Real Estate Commission found that Defendants violated conflict of interest rules, rules for obtaining compensation, failed to use the commission's standard forms, and engaged in conduct that constitutes dishonest dealing.

124. Defendants surrendered their license, and the Commission treated the surrender as a license revocation pursuant to section 12-10-217(1), C.R.S.

125. Thus, at this point, Defendants are unable to uphold their end of the HBA to serve as homeowners' listing agent without assigning their rights to a licensee.

126. The problems that homeowners have experienced with Defendants' real estate services will continue well into the future given that Defendants no longer have a real estate license in Colorado.

127. In the January 2025 letters that Defendants sent to homeowners, Defendants promised "transparency," but the letters did not mention the fact that they had surrendered their real estate license and that, since September 23, 2024, MV Realty of Colorado, LLC has not been allowed to perform any duties requiring a real estate license.

6. Every Colorado HBA is an unconscionable contract.

128. Unconscionable contracts are void for public policy.

129. A contract is unconscionable where there is evidence of "overreaching on the part of one of the parties, such as that which results from an inequality of bargaining power or other circumstances in which there is an absence of meaningful choice on the part of the second party," (procedural unconscionability) together with contract terms unreasonably favorable to the first party" (substantive unconscionability). *State ex rel. Weiser v. Ctr. for Excellence in Higher Educ., Inc.*, 2023 CO 23, ¶ 73.

130. Defendants knowingly engaged in procedural unconscionability by using high pressure, misleading sales tactics. Defendants failed to disclose material terms of the transaction to homeowners, like the length of the agreement and the fact that they would be recording a lien on a homeowner's property, to homeowners before they agreed to the HBA.

131. Homeowners lacked information about the HBA and had only Defendants to rely on when selling HBAs to Colorado homeowner. Those homeowners were at a significant disadvantage when compared to Defendants.

132. Homeowners never had a chance to read to the HBA prior to signing it. Often a notary would visit their home only a day after first contacting Defendants on the phone.

133. Homeowners who agreed to HBAs rarely ever had a relationship with Defendants prior to entering into the HBA.

134. The HBA was a form contract that Defendants did not negotiate with individual homeowners.

135. The HBA also had substantively unfair, commercially unreasonable terms— like the money guarantee, the 40 year term, and the right to record the Memorandum on the title to a homeowner’s property—that benefited Defendants and caused significant harm to homeowners.

V. Claims for Relief

136. Defendants have engaged in numerous deceptive and unfair trade practices, each constituting a separate violation of the Colorado Consumer Protection Act, including violations of sections 6-1-105(1)(e), (u), and (rrr).

First Claim for Relief (Unfair Trade Practice, C.R.S. § 6-1-105(1)(rrr))

137. Plaintiff incorporates herein by reference all allegations set forth above.

138. The CCPA prohibits a person from knowingly or recklessly engaging in any unfair trade practice. C.R.S. § 6-1-105(1)(rrr).

139. The terms of the HBA, and accompanying Memorandum, are unfair. Among other things, they violate longstanding Colorado public policy because they:

- a. guarantee Defendants will earn thousands of dollars from the homeowner without regard to whether Defendants serve as the homeowner’s real estate agent. *See Int’l Network, Inc. v. Woodard*, 2017 COA 44, ¶ 27;
- b. improperly and without appropriate disclosure place liens on homeowner’s homes;
- c. last 40 years;

- d. constitute a lien on residential property that does not touch and concern the land in violation of § 38-35-127(1)(a), C.R.S.

140. Defendants' business practices are also unfair because they are immoral, unethical, oppressive and unscrupulous. Defendants have already had their license revoked by the Colorado Real Estate Commission for many of these same practices and are not able to offer the services they are required to offer under the HBA.

141. Defendants' business practices caused significant harm to consumers across Colorado in the form of missing out on sales of homes and refinances and having to pay thousands of dollars to release unfair liens when selling or refinancing their homes. These business practices also are also likely to cause substantial harm to consumers in the future, as consumers decide to sell or refinance their homes during the pendency of the 40-year term of the HBAs.

142. Consumers could not reasonably avoid Defendants' the substantial injury, as Defendants engaged in high-sales pressure tactics and consistently failed to disclose to consumers the HBAs' terms.

143. The substantial consumer injury caused or likely caused was not outweighed by countervailing benefits, if any, to consumers or to competition

144. When Defendants conducted these business practices, they did so in the course of their business, occupation, or vocation.

Second Claim for Relief

(Unconscionable Trade Practice, C.R.S. § 6-1-105(1)(1)(rrr)).

145. Plaintiff incorporates herein by reference all allegations set forth above.

146. The CCPA prohibits a person from knowingly or recklessly engaging in any unconscionable trade practice. C.R.S. § 6-1-105(1)(rrr).

147. Entering into an unconscionable contract is an "unconscionable" trade practice as that term is defined by the CCPA.

148. The HBA is procedurally unconscionable because:

- a. The HBA resulted from unequal bargaining power between Defendants and the homeowners that agreed to HBAs;
- b. It was a standard form contract;

- c. Homeowners were not given an opportunity to read and understand the terms before signing it;
- d. Several material terms were missing from some HBA contracts; and
- e. Defendants misled homeowners about the terms of the HBA.

149. The HBA is substantively unconscionable because its terms, including the payment guarantee, the length of the agreement, and the ability for Defendants to file a lien against a homeowner's property, are commercially unreasonable.

150. When Defendants knowingly or recklessly sold homeowners HBAs with these unconscionable terms, they did so in the course of their business or profession.

151. The unconscionable actions of Defendants caused significant harm to consumers.

Third Claim for Relief

(Knowingly or Recklessly make a false representation as to the characteristics or benefits of goods or services C.R.S. § 6-1-105(1)(e))

152. Plaintiff incorporates herein by reference all allegations set forth above.

153. In advertisements to consumers, Defendants knowingly or recklessly misrepresented several facts about the HBA, including:

- a. the Promotional Fee would not have to be repaid;
- b. Defendants would not place a lien on a homeowner's property; and
- c. by agreeing to an HBA, Defendants would provide homeowners with financial assistance, ongoing support, and guidance.

154. When Defendants made these misrepresentations, they did so in the course of their business, occupation, or vocation.

155. Defendants' false representations to consumers caused significant harm to consumers.

Fourth Claim for Relief

(Failure to disclose material information that was intended to induce the consumer into a transaction, C.R.S. § 6-1-105(1)(u)).

156. Plaintiff incorporates herein by reference all allegations set forth above.

157. In the course of their business, occupation, or profession, Defendants failed to disclose several material pieces of information to consumers before the consumers entered into HBAs. Specifically, the Defendants failed to disclose that the HBA was a lien that would be recorded against the consumer's property and that the lien would last for 40 years.

158. The Defendants knew that the HBA constituted a lien on the property and that the lien would last for 40 years when they entered into the HBA with the consumer. Nevertheless, Defendants withheld this information to induce the consumer into signing the HBA.

159. Defendants' failure to disclose material information to consumers caused significant harm to consumers.

Fifth Claim for Relief

(Knowingly or Recklessly engage in an unfair, unconscionable, deceptive, deliberately misleading, false or fraudulent practice, C.R.S. § 6-1-105(1)(rrr))

160. Plaintiff incorporates herein by reference all allegations set forth above.

161. Defendants engaged in unfair, unconscionable, deceptive, deliberately misleading, false or fraudulent practices by making it unduly burdensome for consumers to comply with the terms of their HBAs.

162. Defendants also engaged in unfair, unconscionable, deceptive, deliberately misleading, false or fraudulent practices by knowingly or recklessly providing unprofessional and poor service to those consumers who were able retain Defendants' real estate agents—while foreclosing those consumers from the option of hiring a different agent who would provide higher quality services and threatening or suing those consumers who did.

163. Defendants also engaged in unfair, unconscionable, deceptive, deliberately misleading, false or fraudulent practices by refusing to release consumers from HBAs when Defendants' agents were unable to sell a home.

164. Defendants knew that their business practices were unfair, unconscionable, deceptive, deliberately misleading, false or fraudulent.

165. Defendants engaged in these unfair, unconscionable, deceptive, deliberately misleading, false or fraudulent practices in the course of their business and profession.

166. Defendants' unfair, unconscionable, deceptive, deliberately misleading, false or fraudulent practices caused significant harm to consumers.

IV. Relief Requested

WHEREFORE, Plaintiff prays for judgment against the Defendants and the following relief:

- A. An order declaring Defendants' above-described conduct to be in violation of the Colorado Consumer Protection Act, C.R.S. §§ 6-1-105(1)(e), (u), and (rrr).
- B. An order permanently enjoining Defendants, their officers, directors, successors, assignees, agents, employees, and anyone in active concert or participation with any Defendant with notice of such injunctive orders, from engaging in any unfair or deceptive trade practice as defined in and proscribed by the CCPA, and as set forth in this Complaint.
- C. An order preliminarily and permanently enjoining Defendants from continuing to engage in unlawful conduct and seeking to reap the rewards of past unlawful conduct;
- D. An order for restitution for harmed consumers.
- E. An order for disgorgement of Defendants' unjustly earned revenues.
- F. A judgment in an amount to be determined at trial for restitution, unjust enrichment, or other equitable relief pursuant to C.R.S. § 6-1-110(1).
- G. An order requiring Defendants to pay civil penalties in an amount not to exceed \$20,000 per violation pursuant to C.R.S. § 6-1-112(1)(a), or \$50,000 per violation pursuant to C.R.S. § 6-1-112(1)(c).
- H. An order requiring Defendants to pay the costs and expenses of this action incurred by the Attorney General, including, but not limited to, Plaintiff's attorney fees, pursuant to C.R.S. § 6-1-113(4).

- I. Any such further orders as the Court may deem just and proper to effectuate the purposes of the CCPA.

Respectfully submitted this 30th day of April, 2025.

PHILIP J. WEISER
Attorney General

/s/ Brady Grassmeyer
LAUREN M. DICKEY, 45773*
First Assistant Attorney General
BRADY J. GRASSMEYER, 47479*
Senior Assistant Attorney General
CONOR A. KRUGER, 54111*
SOLEIL BALL VAN ZEE, 59644*
Assistant Attorneys General
Consumer Protection Section
*Counsel of Record

Attorneys for Plaintiff