

Contact: Megan Hernandez
Office: 202-261-0315
Email: mhernandez@alta.org

For Immediate Release

New Virginia Law Will Protect Homebuyers from Predatory Contracts

Washington, D.C., Feb. 29, 2024 – The American Land Title Association (ALTA), the national trade association of the land title insurance industry, alongside AARP and the Virginia Land Title Association (VLTA) applaud the Virginia legislature for passing Senate Bill (SB) 576, which includes provisions protecting homeowners from the predatory practice of filing unfair real estate fee agreements in property records, known as Non-Title Recorded Agreements for Personal Services (NTRAPS). The new law will make NTRAPS unenforceable.

“The property rights of American homebuyers must be protected,” said ALTA Vice President of Government Affairs Elizabeth Blosser. “A home often is a consumer’s largest investment, and the best way to support the certainty of land ownership is through public policy. We have to ensure that there are no unreasonable restraints on a homebuyer’s future ability to sell or refinance their property due to unwarranted transactional costs.”

NTRAPS have been recorded in property records since 2018. The practice preys upon homeowners, offering small cash gifts in exchange for decades-long contracts for the exclusive rights to sell the property. Submitting NTRAPS for inclusion in property records characterized as liens, covenants, encumbrances or security interests in exchange for money creates impediments and increases the cost and complexity of transferring or financing real estate in the future.

“The passage of SB 576 is a continuation of AARP’s advocacy efforts, undertaken in collaboration with ALTA in other states, to put an end to this harmful practice,” said AARP Government Affairs Director Samar Jha. “We expect and hope to work on similar legislative solutions in other states to help protect homeowners against such predatory housing practices.”

SB 576 follows the objective of similar bills introduced across the country to provide a remedy for existing NTRAPS while also discouraging these types of unfair practices impacting homeowners.

“VLTA members proudly advocated for and supported this legislation which protects Virginia residents from predatory business practices,” said VLTA President Stephanie Armstrong, senior underwriting counsel for First American Title Insurance Co. “We appreciate the work of the General Assembly and the governor to protect Virginia consumers. This legislation will send a clear message to companies doing business in Virginia that they have a responsibility to protect consumers and to make sure their products are safe, legal and ethical.”

“Homeowners in Virginia will now be better protected from misleading and predatory real estate practices,” said AARP Virginia State Director Jim Dau. “We’re grateful to the strong, bipartisan majority of General Assembly members who backed this commonsense legislation.”

The new law will:

- Make NTRAPS unenforceable by law.
- Restrict and prohibit the recording of NTRAPS in property records.
- Create penalties if NTRAPS are recorded in property records.
- Provide for the removal of NTRAPS from property records and recovery of damages.

Virginia Gov. Glenn Youngkin is expected to sign SB 576 into law in the coming months.

###

About ALTA

The [American Land Title Association](#), founded in 1907, is a national trade association representing more than 6,000 title insurance companies, title and settlement agents, independent abstracters, title searchers and real estate attorneys. ALTA members conduct title searches, examinations, closings and issue title insurance that protects real property owners and mortgage lenders against losses from defects in titles.