

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

For Immediate Release

New Indiana Law Will Protect Homebuyers from Predatory Contracts

Washington, D.C., March 7, 2024 – The American Land Title Association (ALTA), the national trade association of the land title insurance industry, alongside AARP Indiana and the Indiana Land Title Association (ILTA) applaud the Indiana General Assembly for passing House Bill (HB) 1222, 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 HB 1222 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.”

HB 1222 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.

“The ILTA is extremely fortunate to have a strong relationship with our Indiana legislators who worked diligently to pass this legislation,” said ILTA President Michael Schmitz. “We believe that protecting consumers from such practices is paramount, and these contracts obstruct the integrity of the chain of title. We are grateful for everyone who worked long hours to make sure we had the most accurate legislation available.”

“We know that older adults want to stay in their homes and communities for as long as possible,” said AARP Indiana Legislative Director Ambre Marr. “By putting into place these important protections, fewer

Hoosiers will jeopardize the most important asset needed to age in place and the cornerstone of financial stability – their home.”

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.

Indiana Gov. Eric Holcomb is expected to sign HB 1222 into law in the coming weeks.

###

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.