SCR-23 — Predatory 40-Year Listing Agreements (NTRAPS) & Stealth Liens Guide

A Complete Handbook and Web Resource for Homeowners, Heirs, Title Examiners, and Real Estate Professionals

Published by Wounded Duck Studios LLC & SCAMREALESTATE.COM
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Homeowner Defense: Defeating 40-Year Predatory Listing Covenants, Expunging Stealth Deed Liens, and Voiding NTRAPS

Executive Summary: The "Free Cash" Trap

In one of the most widespread consumer real estate scandals in modern American history, tens of thousands of residential property owners seeking quick financial relief fell victim to aggressive marketing campaigns promoting what was deceptively labeled a "Homeowner Benefit Program."

Operating across more than 33 states, corporate entities—most prominently MV Realty PBC and its regional affiliates—offered homeowners immediate upfront cash payments ranging from $500 to $5,000. Telemarketers and door-to-door sales representatives pitched the program as "free cash" with zero monthly payments, promising:*"It's not a loan, and you never have to pay it back. You simply agree that if you ever decide to sell your home anytime in the future, you will use us as your listing real estate agent."*

In reality, the transaction was an aggressive financial snare known in the legal and title industry as a **Non-Title Record Agreement for Personal Services (NTRAPS)**:

1. **The 40-Year Binding Covenant:** Buried inside dense, multi-page contractual fine print was an exclusive right-to-list agreement lasting **40 years**—binding not only the homeowner, but running with the land to bind future heirs, executors, and estate beneficiaries across four decades.
2. **The Stealth County Deed Recording:** Unknown to the homeowner, the company recorded a formal legal encumbrance—frequently titled a "Memorandum of MVR Homeowner Benefit Agreement" or recorded directly as a mortgage lien—in county deed registries.

3. **The 3% Property Penalty:** The trap snapped shut whenever the homeowner attempted to refinance their mortgage, take out a Home Equity Line of Credit (HELOC), transfer title to a family trust, or list the home with a local agent. The recorded memorandum clouded title, freezing settlement. The company then demanded an extortionate "early termination fee" equal to **3% of the entire property's fair market value (typically $9,000 to $30,000+)** before releasing the lien.

Following aggressive enforcement lawsuits led by state attorneys general across the country (including California, Pennsylvania, Colorado, Nevada, Massachusetts, and Florida), courts have voided thousands of these predatory agreements. However, consumer protection officials warn that thousands of American homeowners still have active stealth liens recorded against their deeds without their knowledge.

This handbook details how NTRAPS operate, state-level legislative bans, and the exact legal procedure to expunge these liens from county property records.

Section 1: The Anatomy of an NTRAPS Agreement

How does a $1,000 cash advance turn into a $25,000 clouded title nightmare?

1. **Targeting Vulnerable Demographics:**
    - Marketers specifically targeted low-to-moderate-income homeowners, retirees, seniors on fixed incomes, and families facing immediate cash crunches.
    - Deceptive marketing framed the transaction as an "incentive promotion" rather than an encumbrance on real property.
2. **The Hidden Lien Provision:**
    - Under standard real estate law, a personal services contract (such as an agreement to hire an agent) cannot encumber real estate title.
    - To bypass this rule, the contract included a clause authorizing the company to record a "Memorandum of Agreement" in county land records. The document was filed in the deed index, creating an institutional cloud that title insurance underwriters are legally required to flag during closing searches.
3. **The Severe Default Triggers:**
    - The contract defined "default" expansively:
        - Selling the home through any other licensed agent.
        - Transferring title to a child or spouse upon death or divorce.
        - Refinancing with a lender who requires junior liens to be subordinated.
        - Foreclosure or tax sale.
    - Any default immediately triggered the 3% property value liquidated damages penalty.

Section 2: The 4 Red Flags of a Predatory Listing Contract

Watch for these warning signs before accepting any upfront payment:

Red Flag	Predatory Feature (NTRAPS)	Legitimate Licensed Real Estate Practice
1. Upfront "Free Cash"	Offers $500 to $5,000 cash upfront in exchange for future exclusive listing rights.	Licensed brokerages do not pay upfront cash incentives for decades-long listing agreements.
2. Multi-Decade Duration	Exclusive agency agreement lasts 10 to 40 years.	Standard exclusive right-to-sell listing contracts last 3 to 12 months.
3. Runs with the Land	Purports to bind future owners, heirs, and estate executors.	Agency agreements are personal contracts that terminate automatically upon the owner's death.
4. County Deed Recording	Contract grants the right to record a memorandum or lien in county land records.	Real estate listing contracts are private agreements; they are never recorded against property deeds.

Section 3: State-by-State Legislative Bans & Legal Status

Over the past three years, the real estate and title industries (led by the American Land Title Association - ALTA) fought back:

- **State NTRAPS Prohibitions:** More than 30 states have enacted statutory bans prohibiting long-term listing agreements that run with the land, make them unenforceable, and prohibit county clerks from recording them.
- **State Attorney General Settlements:** State AG consent judgments have declared 40-year listing agreements deceptive and void ab initio, ordering companies to file formal releases of all recorded memorandums.
- **Bankruptcy Proceedings:** In MV Realty’s federal Chapter 11 bankruptcy proceedings, courts and creditors' committees have established formal procedures for homeowners to petition for lien releases.

Section 4: How to Check and Clear Your Deed

If you accepted cash from MV Realty or suspect a predatory memorandum is clouding your title:

Step 1: Audit Your County Land Records

- Log into your county register of deeds or clerk of court online land records system.
- Search your legal name and parcel number.
- Look for any recorded document titled:
  - *"Memorandum of Agreement"*
  - *"Notice of Real Estate Agency Agreement"*
  - *"MVR Homeowner Benefit Agreement"*
- Note the recording date, liber/page, and document recording number.

Step 2: Demand a Formal Statutory Release

- If the company entered into an Attorney General consent decree in your state, they are legally required to record a formal **Release of Memorandum** upon notice.

- Send a formal written demand letter via certified mail to the company's designated legal representative and state bankruptcy claims administrator demanding the immediate execution and recording of a full Release of Lien.

Step 3: Utilize State Statutory Expungement Procedures

- In states that have passed anti-NTRAPS legislation, homeowners can file a simplified petition with the county clerk or register of deeds showing that the recorded document violates state law, allowing the county recorder to expunge the document administratively without full court litigation.

Step 4: File a Quiet Title Action / Slander of Title

- If the company refuses to release the lien or fails to respond, retain a real estate litigation attorney to file an expedited **Action to Quiet Title** and a claim for **Slander of Title**, seeking statutory damages and attorney fees.

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