

STATE OF MICHIGAN  
IN THE 30<sup>TH</sup> JUDICIAL CIRCUIT COURT FOR THE COUNTY OF INGHAM

THE PEOPLE OF THE STATE OF  
MICHIGAN,

Plaintiff,

v

Case No. 26- 5131 -CP

HON.

WANDA M. STOKES

MV REALTY PBC, LLC, a Florida limited  
liability company, MV REALTY OF  
MICHIGAN, LLC, a Michigan limited  
liability company, and MV REALTY  
HOLDINGS, LLC, a Florida limited  
liability company,

Defendants.

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Michael S. Hill (P73084)  
Scott Olmsted (P88624)  
Assistant Attorneys General  
Michigan Department of Attorney General  
Corporate Oversight Division  
P.O. Box 30736  
Lansing, MI 48909  
(517) 335-7632  
[Hillm19@michigan.gov](mailto:Hillm19@michigan.gov)  
[OlmstedS1@michigan.gov](mailto:OlmstedS1@michigan.gov)

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*There is no other pending or resolved civil action arising out of the same transaction  
or occurrence as alleged in the complaint.*

**COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

Plaintiff, The People of the State of Michigan through Assistant Attorneys  
General Michael S. Hill, Scott Olmsted, and Darrin F. Fowler, file this complaint for  
violations of the Michigan Consumer Protection Act (MCPA), for Public Nuisance,

and for violations of Federal consumer protection statutes as set forth below against Defendants to enjoin them from further pursuit, and collection of the proceeds from, an aggressive and illegal operation targeting Michigan homeowners and offering them cash payments in exchange for future interests in the homeowners' real property. Though cloaked as a program to help consumers sell their homes at a later date, Defendants' Homeowner Benefit Program actually offers nothing more than cash loans at usurious interest rates. These loans come due as the consumers sell or transfer their homes. The loans are secured by 40-year liens recorded against the consumers' property. This scheme is designed to strip homeowners of their equity and provide Defendants an income stream — derived from unfair, deceptive, and unconscionable conduct — for little to no consideration provided in exchange to Michiganders.

The People seek to permanently enjoin this illegal conduct, void and release all HBAs and related liens attaching to Michiganders' real property, obtain restitution for affected Michiganders, and impose civil penalties. The Attorney General is authorized to pursue such relief on behalf of the People of the State of Michigan in her role as *parens patriae* and by statutory authority. In support of its complaint, the People state as follows:

## **I. PARTIES**

### **A. Plaintiff**

1. The Plaintiff in this lawsuit is the People of the State of Michigan represented by Attorney General Dana Nessel. She is a constitutional officer

charged with enforcing the laws of the State of Michigan. In this capacity, she has authority to enforce the MCPA, MCL 445.901 *et seq.* To this end, she may commence actions for injunctive relief, and for the imposition of civil fines upon those who persistently and knowingly violate the MCPA. See MCL 445.905(1).

2. In representing the People, the Attorney General also has concurrent authority with the Consumer Financial Protection Bureau (CFPB) to enforce provisions of the Truth-in-Lending Act (TILA), 15 USC §16103(3), and the Home Ownership Equity Protection Act (HOEPA), 15 USC § 1639, §§ 1639a– 1639h, via 15 USC § 1640(e) of the Consumer Financial Protection Act (“CFPA”), 12 U.S.C. § 5481 *et seq.*

## **B. Defendants**

3. Defendant MV Realty PBC, LLC is a Florida limited liability company incorporated on August 5, 2014 with a registered office located at 1451 W. Cypress Creek Rd., Suite 300, Ft. Lauderdale, FL 33309. Its registered agent is Antony Mitchell.

4. MV Realty PBC, LLC operates substantially the same line of business across at least 32 states using multiple corporate entities that operate as its alter egos.

5. Defendant MV Realty of Michigan, LLC is a Michigan limited liability company incorporated on August 24, 2020, with a registered office located at 40600 Ann Arbor Rd., E, Ste 201, Plymouth, MI 48170-4675. Its Michigan registered agent is CT Corporation System.

6. MV Realty of Michigan, LLC was formed for the purpose of conducting business in Michigan and serving as the Michigan-based alter ego of MV Realty PBC, LLC and its executives, officers and agents.

7. Defendant MV Realty of Michigan, LLC also held a Michigan real estate broker company license no. 6505431245, which, according to records with the Michigan Department of Licensing and Regulatory Affairs, expired on May 10, 2024.

8. Defendant MV Realty Holdings, LLC is a Florida limited liability company that conducts business in Michigan and has a principal office located at 6615 W. Boynton Beach Blvd, Suite 394, Boynton Beach, FL 33437.

9. MV Realty Holdings, LLC's registered agent is F&L Corp and its registered office address is One Independent Drive, Suite 1300, Jacksonville, FL 32202.

10. Defendants MV Realty of Michigan, LLC; MV Realty PBC, LLC; and MV Realty Holdings, LLC will, in the remainder of this complaint, be collectively referred to as "MV Realty".

## **II. JURISDICTION AND VENUE**

11. This Court has subject matter jurisdiction under MCL 600.601 and MCL 600.605.

12. This Court is an appropriate venue under MCL 445.905 as all Defendants do not have an established place of business located in the State of

Michigan. All Defendants, whether directly or through an instrumentality, have conducted business in Ingham County.

13. The Attorney General notified the Consumer Financial Protection Bureau of this civil action prior to instituting such action, as required by 12 USC § 5552(b) and 15 USC § 1640(e).

14. On January 8, 2026, the Attorney General sent MV Realty a Notice of Intended Action as required by MCL 445.905.<sup>1</sup>

### III. FACTUAL ALLEGATIONS

#### A. MV Realty's Marketing of the Home Benefit Program to Michiganders.

15. Sometime in 2019, MV Realty designed and began aggressively marketing a product called the Homeowner Benefit Program (HPB).

16. MV Realty began marketing the HPB in Florida and quickly expanded its operations to multiple jurisdictions, including Michigan.

17. By 2021 at the latest, MV Realty engaged in the advertisement, solicitation, and sale of its HPB to Michiganders.

18. MV Realty used the word "Program" in order to mislead consumers into believing MV Realty provides a unique and comprehensive benefit program for its clients as a "a dedicated resource for any of [their] real estate needs" including

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<sup>1</sup> See **Exhibit A**, Notice of Intended Action.

the ability to “find the current market value of your home, new homes selling in your area, and current market trends.” <sup>2</sup>

19. MV Realty’s aggressive marketing included a conspicuous link at the top of the home page on MV Realty’s website with text stating “Check out our Homeowner Benefit Program. Where Agents Pay You.” <sup>3</sup>

20. Clicking the link took Michiganders to a page where large text stated “Homeowners Receive Cash Quickly with this Loan Alternative!” and “MV Realty’s Homeowner Benefit Program offers between \$300-\$500 cash without taking a loan.”

<sup>4</sup>

21. The page also included bullet points describing the features of the “Loan Alternative”, including “No Obligation to Sell Your Home”, “Personal Loan Alternative”, “No Need to Borrow or make payments”, and “Absolutely NO credit check”.

22. The bottom of the page included a Frequently Asked Questions section which included the following answer to the question, “Why do I receive cash for my home?” <sup>5</sup>

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<sup>2</sup> See **Exhibit B**. Website captures of [www.homeownerbenefit.com](https://web.archive.org/web/20210731094445/https://homeownerbenefit.com/) from July 21, 2021 from <https://web.archive.org/web/20210731094445/https://homeownerbenefit.com/> (captured on December 5, 2025).

<sup>3</sup> See **Exhibit C**. Website capture of [www.mvrealtyfl.com](https://web.archive.org/web/20210731094445/https://homeownerbenefit.com/) from December 5, 2020 (captured on December 9, 2025).

<sup>4</sup> See **Exhibit B**.

<sup>5</sup> See **Exhibit D**. Website captures of [www.homeownerbenefit.com](https://web.archive.org/web/20210731094445/https://homeownerbenefit.com/) from July 31, 2021 from [http://web.archive.org/web/20210731094445/https://homeownerbenefit.com/](https://web.archive.org/web/20210731094445/https://homeownerbenefit.com/)

MV Realty is investing in future business. This way, you receive cash upfront, and MV Realty gets the opportunity to represent you in the future if you decide to sell. It's a win-win!

23. Further, MV Realty specifically represented the cash payment was not a loan and that there was no obligation to repay the money. As MV Realty further stated in its FAQ section:<sup>6</sup>

**Is this a financing program?**

No, this is not a financing program. It's not a loan. There are no credit checks. There's no obligation to repay the money you receive under this program.

24. Facing increased public scrutiny and negative reports about their business practices, MV Realty later changed its website to include the following response to a new Frequently Asked Question, "Do you file a lien on my house?".<sup>7</sup>

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.

**B. The Homeowner Benefit Agreement.**

25. As part of the HPB, Defendants had Michiganders execute Homeowner Benefit Agreements (HBAs). An example HBA MV Realty used in Michigan is attached as **Exhibit E**.

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<sup>6</sup> *Id.*

<sup>7</sup> See **Exhibit F**. Website capture of <https://homeownerbenefit.com> from May 3, 2024 (captured on May 3, 2024).

26. Upon information and belief, the HBA attached to the complaint as **Exhibit E** is representative of HBAs MV Realty entered into with all Michiganders.

27. The HBA provides MV Realty will pay the consumer a "Promotion Fee," which is typically less than 0.5% of a home's value as determined by MV Realty, in exchange for MV Realty's exclusive right to be the sole listing agent for the property for a 40-year term.

28. The "promotion fee" is the cash payment MV Realty extensively marketed on its website and other marketing materials to Michigan consumers.

29. The HBA provides that its terms "constitute covenants running with the land" and unless terminated in accordance with the HBA, "bind future successors in interest to title to the Property."

30. Under the HBA, in the event of a sale of the home, either MV Realty charges the homeowner a broker's commission equal to 6% of the home's total sales price of the property, or, if there is a "cooperating broker" in the transaction, MV Realty's commission is 3% of the home's total sales price.

31. Further, if an "Early Termination Event" occurs, the HBA provides the consumer is liable to MV Realty for an "Early Termination Fee" of the greater of 3% of "the Property's current Realtors Valuation Model home value estimate or the fair market value of the Property at the time the Property Owner's breach or Early Termination Event, as reasonably determined by [MV Realty]."

32. The HBA defines “Early Termination Event” as the Property Owner failing to perform any obligation under the HBA or entering into any “Prohibited Engagement.”

33. The HBA does not specifically define “Prohibited Engagement,” leaving MV Realty the sole arbiter to determine if a consumer entered into such an arrangement triggering liability of the early termination fee.

34. The “Early Termination Event” clause is typically triggered if MV Realty is not involved in the sale of the consumer’s home, regardless of whether MV Realty made diligent good faith efforts to list and market the home using generally applicable professional standards of real estate agents. In other words, in executing the HBAs to receive a promotion fee that is less than 1% of the property value, Michigan consumers, and any successors in title to their property, become obligated to MV Realty for 40 years to either use MV Realty as the listing agent to sell the property, or pay MV Realty a penalty in an amount determined by how MV Realty values the property.

35. Under the terms of the HBA, the “promotion fee” is effectively a loan where MV Realty is repaid the principal plus interest from either receiving a commission from the sale of the consumer’s home, or being paid the “Early Termination Fee” if/when an “Early Termination Event” as defined by the HBA occurs.

36. To secure the consumers’ obligations to MV Realty, the HBA further provides MV Realty the right to record a “memorandum” of the HBA “to provide

constructive notice of [MV Realty's] rights". This Memorandum of MVR Homeowner Benefit Agreement (Memorandum or Memoranda) operates just like a lien against the consumer's property which requires either that the consumer obtain a release under the terms of the HBA (namely by paying MV Realty an early termination fee), or that the consumer convey the property subject to the lien.

37. The language in the HBA related to the Memorandum deceptive states as follows: <sup>8</sup>

Company reserves the right to record a memorandum of this Agreement, in form and substance similar to the Memorandum of MVR Homeowner Benefit Agreement attached hereto as Exhibit B (the "Memorandum"), to provide constructive notice of Company's rights hereunder. Upon Company's request from time to time, Property Owner shall provide Company with a written certificate or recordable amendment to the Memorandum confirming the existence of this Agreement and that this Agreement remains in full force and effect.

38. Upon information and belief, MV Realty entered into approximately 1,023 HBAs with Michigan consumers, all of which were secured by recording Memoranda with the consumers' respective county registers of deeds.

39. Upon information and belief, most, if not all of the Memoranda recorded by MV Realty were recorded against the title to Michigan consumers' primary residences.

40. As of the date of filing this complaint, according to publicly available information from the Michigan Department of Licensing and Regulatory Affairs, no

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<sup>8</sup> See Exhibit E.

Defendant possessed a valid Michigan professional real estate license or employs any individual with such a license to provide real estate services in Michigan.

**C. Specific Transactions with Michigan Consumers.**

41. In addition to internet marketing, to further induce Michigan consumers into signing HBAs, MV Realty cold called and/or sent mailers to consumers with deceptive sales pitches that misrepresented the true nature of the transactions those consumers later entered into with MV Realty.

42. One such Michigan consumer, Crystal J., received a mailer from MV Realty and was cold called by someone identifying themselves as “Amanda” from MV Realty.

43. Amanda further stated to Crystal that MV Realty would pay her a \$400.00 “promotion fee” if Crystal agreed to consider MV Realty when the time came for her to sell her home. <sup>9 10</sup>

44. In reliance on Amanda’s representations that she would only have to *consider* MV Realty in exchange for the “promotion fee”, Crystal expressed interest in the arrangement.

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<sup>9</sup> See **Exhibit G**, Crystal J’s affidavit.

<sup>10</sup> MV Realty valued Crystal’s home at \$178,760s.00 for purposes of calculating the early termination fee. While not a conclusive valuation, according to public assessing records the 2024 State Equalized Value of Crystal’s home is \$96,800 representing a fair market value of \$193,600 (SEV x 2).

45. After Crystal expressed interest in entering into the arrangement as she understood it, MV Realty sent a notary public to her home to have her sign the HBA and associated documents.

46. MV Realty did not provide Crystal the opportunity to review the HBA and associated documents prior to her meeting with the notary.

47. Crystal was unaware of the 40-year term of the HBA or the recorded memorandum of the HBA until she sold her home in 2024, at which point the Memorandum was discovered.

48. In order for the sale of her home to go through, Crystal had to surrender 3% of the sales proceeds to MV Realty for a release of the memorandum of the HBA on her property.

49. According to Wayne County Public Records, Crystal J. sold her home on February 5, 2024 for \$230,000. Under her HBA, her early termination fee due to MV Realty was \$7,800.00. <sup>11</sup>

50. Another Michigan consumer, Eugenia D. received a cold call from Stephanie Dashcke of MV Realty who advised Eugenia that MV Realty would pay her \$500.00 if she agreed to use them when she decided to sell her home. <sup>12</sup>

51. Eugenia was confused to have received such a call since she had not considered selling her home. Stephanie, however, assured Eugenia that wasn't a

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<sup>11</sup> This gives MV Realty's loan to Crystal J. an effective annual simple interest rate of 1,105% or an effective annual compounded interest rate of 531%.

<sup>12</sup> See **Exhibit H**, Eugenia D.'s affidavit.

problem and, when she was ready to sell her home, she just had to give MV Realty the opportunity to sell it for a six-month period.

52. Stephanie further advised Eugenia that if MV Realty did not find a buyer within the six-month period, she had no further obligation to MV Realty and did not have to return the money.

53. In reliance on MV Realty's representations, Eugenia agreed to the arrangement as the \$500.00 was significant financial help for her family at the time.<sup>13</sup>

54. Stephanie then arranged for Eugenia to sign paperwork at her local Biggby Coffee where she met with a notary who presented paperwork for her to sign.

55. Like with Crystal J., MV Realty did not provide Eugenia copies of the paperwork to review prior to the signing meeting.

56. At the signing meeting, Eugenia felt the amount of paperwork – given the nature of the arrangement – seemed excessive, but she trusted MV Realty was simply covering its bases.

57. At no time did MV Realty advise Eugenia the HBA was a 40-year obligation or that a memorandum of the HBA would be recorded against her home. Had she been aware of those terms before signing, she would have never signed the HBA or accepted the \$500.00 payment.

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<sup>13</sup> \$500.00 is 0.27% of the value of Eugenia's home as determined by MV Realty (\$184,910.00).

## COUNT I – VIOLATIONS OF MICHIGAN CONSUMER PROTECTION ACT

58. The People incorporate all above allegations as though more fully set forth here.

59. In marketing its Homeowner Benefit Program and entering into HBAs, MV Realty was engaged in trade or commerce with Michigan consumers. [MCL 445.902(1)(g)].

60. MV Realty caused a probability of confusion or misunderstanding by Michigan consumers about their legal rights, obligations, or remedies under the HBA by misrepresenting the following terms of the HBA: [MCL 445.903(1)(n)]

- a. The cash payment or “promotion fee” is a loan repaid to MV Realty through a commission after sale of the consumer’s home or an early termination fee;
- b. MV Realty records a lien against the consumer’s home in the public records to secure the consumer’s obligations under the HBA;
- c. The HBA is a covenant that runs with the land and is binding on the consumers’ successors in interest of their real property;
- d. MV Realty charges an early termination penalty for both voluntary and involuntary transfers of property equal to 3% of the home’s value as subjectively determined by MV Realty.
- e. MV Realty uses the term “Homeowner Benefit Program” to suggest MV Realty provides a comprehensive set of unique

benefits to consumers, instead of merely a cash loan that is repaid with significant interest.

- f. Defendants unfairly and deceptively used procedures when persuading/coercing/enticing Michigan consumers to execute HBAs that deprived them of a meaningful opportunity to review the terms of the HBA, many of which differ in material ways from MV Realty's representations made in marketing the Homeowner Benefit Program.

61. MV Realty created a probability of confusion or of misunderstanding as to the terms of conditions of credit extended through the HBA in the following ways: [MCL 445.903(1)(o)].

- a. MV Realty failed to disclose that the cash payment or "promotion fee" was a loan, i.e., an extension of credit;
- b. MV Realty failed to disclose that, as a condition of extending credit, it recorded a lien against the consumer's home in the public records to secure the consumer's obligations under the HBA;
- c. MV Realty failed to disclose that, as a condition of extending credit, it established the HBA as a covenant that runs with the land and is binding on the consumers' successors in interest for 40 years;

- d. MV Realty used the term “Homeowner Benefit Program” to suggest MV Realty provided a comprehensive set of unique benefits to consumers, instead of merely a cash loan (i.e., an extension of credit) that is repaid with significant interest when the consumer sells their home.

62. MV Realty represented to Michigan consumers that they would receive goods or services free or without charge, or used words of similar import in its representations, without clearly and conspicuously disclosing with equal prominence in immediate conjunction with the use of those words the conditions, terms, or prerequisites to the use or retention of the goods or services advertised in the following ways: [MCL 445.903(1)(r)].

- a. MV Realty advertised that the cash payment or “promotion fee” was not a loan and the consumer was under no obligation to repay without clearly and conspicuously disclosing that the payment is effectively a loan that is repaid to MV Realty with interest.
- b. MV Realty represented that consumers would have the benefit of a “full service real estate brokerage” firm that would represent the homeowners’ interests and negotiate the best sales price on their behalf, while MV Realty never actually made that service available and, on information and belief, is currently

unable to legally serve in that role in the State of Michigan due to the absence of a valid real estate license.

63. MV Realty made oral representations to Michigan consumers about its HBP containing gross discrepancies with the terms of the HBA in the following ways: [MCL 445.903(1)(y)].

- a. MV Realty represented to consumers that the cash payment or “promotion fee” was not a loan and/or the consumer was under no obligation to repay it, when the HBA provides the fee is repaid to MV Realty with interest through either MV Realty’s commission in selling the consumers’ home, or the “Early Termination Fee” if the consumer voluntarily or involuntarily conveys their home to another party.
- b. MV Realty represented to consumers that it was giving them a cash payment or “promotion fee” in exchange for the consumer to merely consider using MV Realty to sell their home, when the terms of the HBA categorically and uncompromisingly provide the consumer “shall not engage, hire or otherwise employ any other real estate brokerage, licensed broker or sales agent to market the Property, and Property Owner will not list the Property as ‘for sale by owner’” for the 40-year term.

- c. MV Realty represented to consumers that the consumer was only required to provide MV Realty a six-month period to sell their home and, if unsuccessful, the consumer had no further obligations to MV Realty; when the HBA actually provides that if MV Realty is unable to produce a ready, willing, and able buyer within six months, the consumer has only sixty days to procure a buyer independent of MV Realty “at a price equal to or greater than [MV Realty’s] final listing price” — a price that is solely determined by MV Realty in the HBA.
- d. MV Realty represented that the Memorandum is not a lien when the terms of both the HBA and Memorandum grant MV Realty authority to record a “memorandum” that functions as a lien attached to the consumer’s property, requiring either that the consumer obtain a release under the terms of the HBA or convey the property subject to the lien.

64. MV Realty represented that consumers would receive rebates, discounts, or other benefits as an inducement for them to enter into the HBAs, which were contingent on events to occur subsequent to the consummations of those transactions, in the following ways. [MCL 445.903(1)(w)].

- a. MV Realty represented that customers would receive a cash payment or “promotion fee” in exchange for access to a “full service real estate brokerage” firm that would represent the

homeowners' interests and negotiate the best sales price on their behalf when the consumer was ready to sell their home.

65. MV Realty made representations of fact to Michigan consumers about their obligations to MV Realty under the HBP such that Michigan consumers reasonably believed the terms of their relationship with MV Realty to be other than what it really was in the following ways: [MCL 445.903(1)(bb)].

- a. MV Realty falsely represented that consumers receiving a "Promotion Fee" and signing an HBA have no further obligation to MV Realty other than a six-month period for MV Realty to try and sell their homes.
- b. MV Realty falsely represented that, in exchange for payment of the "promotion fee", consumers only had to consider MV Realty when they decide to sell their home.
- c. MV Realty falsely represented that the Memorandum is not a lien encumbering the consumers' property for 40 years.
- d. MV Realty falsely represented that the "promotion fee" is not a loan that does not have to be repaid by the consumer.
- e. MV Realty falsely represented that MV Realty is providing a full-service brokerage firm available to assist consumers with marketing and selling their homes, when MV Realty does not have any licensed real estate brokers in the State of Michigan.

- f. MV Realty falsely represented to Michigan consumers that the cash payment or “promotion fee” was not a loan and the consumer was under no obligation to repay it, when in fact the “promotion fee” was a loan to be repaid to MV Realty with interest in the form of a commission from the sale of the consumer’s home or an early termination fee to obtain a release of the Memorandum from MV Realty.

66. MV Realty failed to reveal material facts about its HBP in light of representations made in a positive manner by MV Realty in the following ways:  
[MCL 445.903(1)(cc)].

- a. In its marketing to Michigan consumers, MV Realty failed to disclose that the HBA has a 40-year term where the consumer, and any successors in title to the consumers’ homes, remain obligated to MV Realty.
- b. In its marketing to Michigan consumers, MV Realty failed to disclose that it records a lien in the public records to secure the consumers’ obligations under the HBA and cloud the consumers’ title.
- c. In its marketing to Michigan consumers, MV Realty failed to disclose that the HBP is merely a cash loan of less than 1% of

the consumers' homes' value that is repaid with interest to MV Realty when the consumer sells their home.

67. MV Realty entered into transactions in which the consumer waives or purports to waive a right, benefit, or immunity provided by law, unless the waiver is clearly stated and the consumer has specifically consented to it, as follows: [MCL 445.903(1)(t)]

- a. Under the terms of the HBA, the consumer repays MV Realty's cash payment or "promotion fee" loan at an interest rate that exceeds 25% in violation of MCL 438.41 and MCL 438.31c(4). The HBA and Memorandum did not disclose this excessive interest rate.

68. Each of the MCPA violations alleged herein, were persistent and knowing by Defendants.

69. Crystal, Eugenia, and all similarly situated Michigan consumers are entitled to rescission of the contracts entered into with MV Realty. Alternatively, such consumers are entitled to modification of those contracts to eliminate all unfair or unconscionable terms in accord with MCL 445.910(2).

## **COUNT II – PUBLIC NUISANCE (VIOLATIONS OF REGULATORY LOAN ACT)**

70. The People incorporate all above allegations as though more fully set forth here.

71. MV Realty's cash payment or "promotion fee" to Michigan consumers is a loan under Section 1 of the Regulatory Loan Act, MCL 493.1(j).

72. Although MV Realty makes "loans" covered by the Regulatory Loan Act, MV Realty does not possess a valid and active license to do so as required by MCL 493.2(1).

73. Further, MCL 493.12(1) prohibits a "licensee or other person" from engaging in, or causing or permitting, the advertising, printing, displaying, publishing, distributing, or broadcasting of a "false, misleading, or deceptive statement or representation with regard to the rates terms, or conditions of the lending of money, credit, goods, or things in action."

74. By misrepresenting to Michigan consumers, on its website and other marketing materials, that the cash payment or "promotion fee" is not a loan and the consumer is under no obligation to repay it, MV Realty advertised, printed, displayed, published, distributed, and/or broadcasted false, misleading, or deceptive statements or representations regarding the applicable interest rate, repayment terms, and other conditions surrounding the cash payment or "promotion fee".

75. MCL 493.12(2) prohibits a "licensee" from taking a lien on real estate as security for a loan, except a lien acquired upon execution or other action after entry of a judgment.<sup>14</sup>

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<sup>14</sup> While the People allege MV Realty does not possess a valid license, MCL 493.1(2)(g) defines licensee as "a person licensed or required to be licensed under [the Regulatory Loan Act]."

76. By recording Memoranda into the chain of title of each Michigan consumer who has signed a HBA, MV Realty has taken a lien on the consumers' real estate as security for the consumers' obligations to MV Realty under the HBA, without first acquiring the liens by execution after entry of a judgment.

77. Through its violations of MCL 493.12(1) and MCL 493.12(2), MV Realty engaged in activities constituting common law nuisances. The Attorney General has broad authority to bring such a civil action enjoining such nuisances. *Attorney General v PowerPick Club*, 287 Mich App 13, 44 (2010) (citing *Attorney General, ex rel Optometry Bd of Examiners v Peterson*, 381 Mich 445, 465-66 (1969)).

### **COUNT III – PUBLIC NUISANCE (VIOLATIONS OF THE CRIMINAL USURY ACT)**

78. The People incorporate all above allegations as though more fully set forth here.

79. Under the terms of the HBAs MV Realty entered into with Michigan consumers, the cash payment or “promotion fee” is a loan that the consumer must repay to MV Realty through either the 6% commission MV Realty is paid in the event it facilitates the sale of the consumer's home, or through the 3% early termination fee if the “Early Termination Event” clause in the HBA is triggered.

80. The “Early Termination Event” clause is typically triggered if MV Realty is not involved in the sale of the consumer's home, regardless of whether MV

Realty made diligent good faith efforts to list and market the home using generally applicable professional standards of real estate agents.

81. Through the 6% commission or 3% early termination fee, the HBA requires Michigan consumers to repay the cash payment or “promotion fee” at an interest rate that exceeds 25% per annum in violation of MCL 438.41.

82. As alleged earlier in this complaint, Crystal J’s HBA required her to pay MV Realty a \$7800 early termination fee which repaid her initial \$400.00 loan from MV Realty at an annual simple interest rate of 1,105%; or an annually compounded interest rate of 531%.

83. For example, Eugenia D. received a \$500.00 “promotion fee”, which represents approximately 0.27% of the value of Eugenia’s home as determined by MV Realty.<sup>15</sup>

84. Assuming for purposes of this allegation that Eugenia’s home sells in 40 years (480 months) for the value determined by MV Realty, then under the HBA, MV Realty is either repaid \$11,094.60 via the 6% commission, or \$5,547.30 via the early termination fee.

85. If the loan is repaid as a “commission”, the effective annual simple interest rate MV Realty charges to Eugenia for a 40-year term under the HBA is

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<sup>15</sup> MV Realty valued Eugenia’s home at \$184,910.00 for purposes of calculating the early termination fee. While not a conclusive valuation, according to public assessing records the 2024 State Equalized Value of Eugenia’s Home is \$90,700 representing a fair market value of \$181,400 (SEV x 2).

76.15%. If the loan is repaid as an early termination fee, the effective interest rate MV Realty charges Eugenia under the HBA is 31.58%. <sup>16</sup>

86. Through its violations of MCL 438.41 MV Realty engaged in activities constituting common law nuisances. The Attorney General has broad authority to bring a civil action enjoining such nuisances. *Attorney General v PowerPick Club*, 287 Mich App 13, 44 (2010) (citing *Attorney General, ex rel Optometry Bd of Examiners v Peterson*, 381 Mich 445, 465-66 (1969)).

#### COUNT IV – VIOLATIONS OF CIVIL USURY STATUTE

87. The People incorporate all above allegations as though more fully set forth here.

88. Under the terms of the HBAs MV Realty entered into with Michigan consumers, the cash payment or “promotion fee” is a loan that the consumer must repay to MV Realty through either the 6% commission MV Realty is paid in the event it facilitates the sale of the consumer’s home, or through the 3% early termination fee if the “Early Termination Event” clause in the HBA is triggered.

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<sup>16</sup> This effective interest rate was calculated assuming Eugenia’s home sold at the end of the HBA’s 40-year term for \$184.910, the value determined by MV Realty in the HBA in July 2022. In reality, the end of a 40-year term would likely be a significantly higher sale amount after accounting for appreciation and inflation; and resulting in a much higher effective interest rate.

89. Through the 6% commission or 3% early termination fee, the HBA requires Michigan consumers to repay the cash payment or “promotion fee” at an interest rate that exceeds 7% per annum in violation of MCL 438.31.

90. Because MV Realty charges consumers an interest rate in excess of 7% for repayment of the “promotion fee”, MV Realty is barred from collecting either the 6% commission or 3% early termination fee from each Michigan consumer it loaned a “promotion fee”.

91. To the extent MV Realty has already collected a commission or early termination fee from a Michigan consumer, disgorgement of those monies from MV Realty, along with any associated court costs, attorney’s fees, and/or delinquency or collection costs, is required by MCL 438.32.

**COUNT V- Violations of the Consumer Financial Protection Act (CFPA), 12 U.S.C. § 5481 *et seq.*, through violations of the Federal Truth-in-Lending Act (TILA), 15 USC § 1601 *et seq.***

92. The People incorporate all above allegations as though more fully set forth here.

93. The Attorney General is empowered by the CFPA to bring civil enforcement lawsuits for violations of the statute committed by “covered persons”. 12 U.S.C. §§ 5552 and 5565(b).

94. Section 1036(a)(1)(A) of the CFPA prohibits covered persons from offering or providing consumer financial products or services that are not in conformity with “Federal consumer financial law” or otherwise committing any act

or omission in violation of a “Federal consumer financial law.” 12 U.S.C. § 5536(a)(1)(A).

95. The Truth in Lending Act (TILA) is a “Federal consumer financial law.” 12 U.S.C. § 5481(14) (defining “Federal consumer financial law” to include “enumerated consumer laws” and “any rule or order prescribed by the Bureau under this title”); 12 U.S.C. § 5481(12)(0) (defining “enumerated consumer law” to include TILA).

96. Defendants are “covered person[s]” within the meaning of 12 U.S.C. § 5481(6)(A) because Defendants offer or provide consumer financial products or services to consumers to use primarily for personal, family, or household purposes. The service offered or provided constitutes a “financial product or service” because it is “extending credit and servicing loans, including acquiring, purchasing, selling, broking and other extensions of credit.” 12 U.S.C. § 5481(15)(A)(i).

97. At all times relevant hereto, by entering into the HBAs described herein, Defendants regularly extended consumer credit for which a finance charge is or may be imposed and are the persons/organizations to whom the debts are initially payable. Such defendants are thus “creditor[s]” within the meaning of 15 U.S.C. § 1602(g) and 12 C.F.R. § 1026.2(a)(17).

98. The MV Realty Homeowner Benefit Agreements as described herein are transactions made with “consumer[s]” within the meaning of 15 U.S.C. § 1602(i) and 12 C.F.R. § 1026.2(a)(11).

99. In the course of entering into the Homeowner Benefit Agreements as described herein, MV Realty failed to provide “material disclosures” within the meaning of 15 U.S.C. § 1602(v) including, but not limited to:

- a. Disclosure of the finance charge in each transaction as required by 15 U.S.C. § 1638(a)(3) and 12 C.F.R. § 1026.18(d); and
- b. Disclosure of the annual percentage rate in each transaction as required by 15 U.S.C. § 1638(a)(4) and 12 C.F.R. § 1026.18(e).

100. Defendants violations of the CFPA were knowing and/or reckless as MV Realty knew, or should have known, that they were covered persons providing consumer financial products or services through its HBP and were required to provide material disclosures to Michigan consumers.

**COUNT VI- Violations of the CFPA through violations of TILA, as amended by the Home Ownership and Equity Protection Act (HOEPA), 15 USC § 1639.**

101. The People incorporate all above allegations as though more fully set forth here.

102. The Attorney General is empowered by the CFPA to bring civil enforcement lawsuits for violations of the statute committed by “covered persons.” 12 U.S.C. §§ 5552 and 5565(b).

103. Section 1036(a)(1)(A) of the CFPA prohibits covered persons from offering or providing consumer financial products or services that are not in conformity with “Federal consumer financial law” or otherwise committing any act or omission in violation of a “Federal consumer financial law.” 12 U.S.C. § 5536(a)(1)(A).

104. TILA and the Home Ownership & Equity Protection Act (HOEPA) are each “Federal consumer financial law[s].” 12 U.S.C. § 5481(14) (defining “Federal consumer financial law” to include “enumerated consumer laws” and “any rule or order prescribed by the Bureau under this title”); 12 U.S.C. § 5481(12)(0) (defining “enumerated consumer law” to include TILA).

105. Defendants are “covered person[s]” within the meaning of 12 U.S.C. § 5481(6)(A) because Defendants offer or provide consumer financial products or services to consumers to use primarily for personal, family, or household purposes. The service offered or provided constitutes a “financial product or service” because it is “extending credit and servicing loans, including acquiring, purchasing, selling, broking and other extensions of credit.” 12 U.S.C. § 5481(15)(A)(i).

106. The HBAs, secured by the Memoranda, as described herein are consumer credit transactions constituting “high-cost mortgage[s]” within the meaning of 15 U.S.C. § 1602(bb)(1)(A) and 12 C.F.R. § 1026.32(a)(1)(i) because the annual percentage rate charged will exceed the average prime offer rate on that date for comparable transactions by:

- a. 6.5 percentage points for first-lien transactions, or
- b. 8.5 percentage points for subordinate-lien transactions.

107. In the course of entering into the HBAs and Memoranda as described herein, MV Realty:

- a. Failed to provide the following disclosure as required by 15

U.S.C. § 1639(a)(1) and 12 C.F.R. § 1026.32(c)(1):

You are not required to complete this agreement merely because you have received these disclosures or have signed a loan

application. If you obtain this loan, the lender will have a mortgage on your home. You could lose your home, and any money you have put into it, if you do not meet your obligations under the loan.

- b. Failed to disclose the annual percentage rate as required by 15 U.S.C. § 1639(a)(2) and 12 C.F.R. § 1026.32(c)(2);
- c. Engaged in a pattern or practice of extending credit to consumers based on the consumers' collateral without regard to the consumers' repayment ability, including the consumers' current and expected income, current obligations, and employment, contrary to 15 U.S.C. § 1639(h) and 12 C.F.R. § 1026.34(a)(4) & § 1026.43(c); and
- d. Engaged in a pattern or practice of extending credit to consumers under high-cost mortgages without first receiving certification from a counselor that is approved by the Secretary of Housing and Urban Development, or at the discretion of the Secretary, a State housing finance authority, that each such consumer has received counseling on the advisability of the mortgage as required by 15 U.S.C. § 1639(u) and 12 C.F.R. § 1026.34(a)(5).

108. Defendants' violations of the CFPA were knowing and/or reckless as MV Realty knew, or should have known, that they were covered persons providing a consumer financial products or services through its HBP and providing Michigan consumers

“high-cost mortgage[s]” within the meaning of 15 U.S.C. § 1602(bb)(1)(A) and 12 C.F.R. § 1026.32(a)(1)(i).

**COUNT VII- Violations of the CFPA through violations of TILA (Failure to Provide Notice of Right of Recission).**

109. The People incorporate all above allegations as though more fully set forth here.

110. Plaintiff is empowered by the CFPA to bring civil enforcement lawsuits for violations of the statute committed by “covered persons.” 12 U.S.C. §§ 5552 and 5565(b).

111. Section 1036(a)(1)(A) of the CFPA prohibits covered persons from offering or providing consumer financial products or services that are not in conformity with “Federal consumer financial law” or otherwise committing any act or omission in violation of a “Federal consumer financial law.” 12 U.S.C. § 5536(a)(1)(A).

112. TILA is a “Federal consumer financial law.” 12 U.S.C. § 5481(14) (defining “Federal consumer financial law” to include “enumerated consumer laws” and “any rule or order prescribed by the Bureau under this title”); 12 U.S.C. § 5481(12)(0) (defining “enumerated consumer law” to include TILA).

113. Defendants are each “covered person[s]” within the meaning of 12 U.S.C. § 5481(6)(A) because Defendants offer or provide consumer financial products or services to consumers to use primarily for personal, family, or household purposes. The service offered or provided constitutes a “financial product or service” because it is “extending credit and servicing loans, including acquiring, purchasing, selling, broking and other extensions of credit.” 12 U.S.C. § 5481(15)(A)(i).

114. Each HBA entered into with a consumer constitutes a “security interest” within the meaning of 12 C.F.R. § 1026.2(a)(25).

115. The MV Realty recorded Memoranda in the offices of county recorders throughout the State of Michigan in each homeowner’s chain of title. As each homeowner was the party to whom credit was extended, each homeowner had the right to rescind the transaction until midnight of the third business day following:

- a. Consummation of the transaction,
- b. The date Defendants provided each homeowner with Truth-in-Lending disclosures, or
- c. The date each homeowner received a complying notice of the right to cancel,

whichever was later, all in accordance with 15 U.S.C. §1635(a) and 12 C.F.R. §1026.23(a)(1).

116. MV Realty failed to provide notices of the right of rescission to homeowners in the format required by 15 U.S.C. §1635(a) and 12 C.F.R. §1026.23(b)(1), Appendix H-8, because:

- a. Defendants’ notices failed to disclose that cancellation extends to three days after consummation of the transaction or homeowners’ receipt of Truth-in-Lending disclosures or receipt of a complying notice of the right to cancel, whichever is later;

- b. Defendants' notices falsely required homeowners to return the loaned funds prior to Defendants having taken the necessary steps to cancel the security interests;
- c. Defendants' notices falsely stated that the homeowners were required to repay the loaned funds within 10 days from the homeowner's election to rescind the transaction when, in fact, any requirement to return loaned funds was not effective until Defendants cancelled the security interest; and
- d. Defendants failed to provide forms for homeowners to exercise their right to rescind.

117. Defendants violations of the CFPA were knowing and/or reckless as MV Realty knew, or should have known, that they were covered persons providing a consumer financial products or services through its HBP and were required to provide Michigan consumers notice of their right of rescission.

#### **IV. Relief Requested**

Accordingly, for the reasons stated above, the People of the State of Michigan respectfully request the Court:

1. Enter an order declaring that MV Realty has violated MCL 445.903(1)(n), (o) (r), (t), (w) (y). , (bb), (cc), and enjoining MV Realty from violating those provisions in the future; awarding damages on behalf of all consumers named in Count I and all similarly situated consumers in the State of Michigan; and rescinding, striking, or

- limiting the application of every HBA MV Realty entered into with each Michigan consumer;
2. Grant a preliminary injunction under MCL 445.905 and requiring MV Realty, at its sole expense, to record releases of each Memoranda recorded into each Michigan consumers' chains of title, which is necessary to provide consumers relief against MV Realty's unfair, deceptive, and unconscionable business practices with respect to its Homeowner Benefit Program; and
  3. Enjoin MV Realty from engaging in public nuisances violative of the Regulatory Loan Act under MCL 493.12(1) and (2), as asserted in Count II;
  4. Enjoin MV Realty from engaging in common law nuisances violative of the criminal usury act under MCL 493.12(1) and (2), as asserted in Count III;
  5. Bar MV Realty from collecting either the 3-6% commission or 3% early termination fee from each Michigan consumer it loaned a "Promotion Fee" as violative of the civil usury act, disgorge any commissions or early termination fees already collected from Michigan consumers, and disgorge any associated court costs, attorney's fees, and/or delinquency or collection costs, as required by MCL 438.32;
  6. Declare that MV Realty has violated the CFPA through violations of TILA by failing to make the disclosures required under 15 U.S.C. §

1638(a)(3) and (4) and 12 C.F.R. § 1026.18(d) and (e), as asserted in Count VI; and provide for rescission of all HBAs with Michigan consumers, the disgorgement of costs from MV Realty, and the recovery of the Attorney General's costs, as allowed for CFPA suits under 12 U.S.C. § 5565.

7. Declare that MV Realty has violated the CFPA through violations of TILA by failing to make the disclosures required under 15 U.S.C. § 1639(a)(1) and (2) and 12 C.F.R. § 1026.32(c)(1) and (2), and by engaging in patterns or practices of extending credit to customers in violation of 5 U.S.C. § 1639(h), 12 C.F.R. § 1026.34(a)(4) & § 1026.43(c), 15 U.S.C. § 1639(u) and 12 C.F.R. §1026.34(a)(5), as asserted in Count VI; and provide for rescission of all HBAs with Michigan consumers, the disgorgement of costs from MV Realty, and the recovery of the Attorney General's costs, as allowed for CFPA suits under 12 U.S.C. § 5565;
8. Declare that MV Realty has violated the CFPA through violations of TILA by failing to provide notices of the right of rescission to homeowners in the format required by 15 U.S.C. §1635(a) and 12 C.F.R. §1026.23(b)(1), Appendix H-8, as asserted in Count VII; and provide for rescission of all HBAs with Michigan consumers, the disgorgement of costs from MV Realty, and the recovery of the Attorney General's costs, as allowed for CFPA suits under 12 U.S.C. § 5565; and

9. Award monetary relief in the form of restitution to Michigan consumers who paid early termination fees to MV Realty and applicable civil penalties for each violation provided under MCL 445.905 and/or 12 U.S.C. § 5565 for either non-intentional, reckless and/or knowing violations; and,
10. Grant any other relief the Court finds just and proper under the circumstances.

Respectfully submitted,

/s/ Michael S. Hill

Michael S. Hill (P73084)  
Scott Olmsted (P88624)  
Assistant Attorneys General  
Michigan Dep't of Attorney General  
Corporate Oversight Division  
P.O. Box 30736  
Lansing, MI 48909  
(517) 335-7632  
Hillm19@michigan.gov  
olmstedsl@michigan.gov

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