



Romaine Robert Quinn

STATE SENATOR • 25TH SENATE DISTRICT

From: Senator Romaine Robert Quinn
To: Senate Committee on Insurance, Housing, Rural Issues, and Forestry
Re: **Testimony on Senate Bill 172**
Relating to: prohibiting filing or recording contracts for services or materials that do not improve real estate and providing a penalty
Date: April 17, 2025

Thank you, fellow committee members for considering Senate Bill 172 today. This bill aims to protect Wisconsin homeowners from being taken advantage of by businesses that offer non-improvement contracts.

This problem has arisen in a number of states where financially vulnerable individuals were enticed with upfront cash offers in exchange for signing exclusive contracts. The homeowners were unaware that these agreements included provisions that allowed the company to place a lien on their property. In many cases, this resulted in steep penalties—sometimes a percentage of the property's value—if the owners or their heirs sought to terminate the contract.

Senate Bill 172 will prevent such predatory practices and protect against bad actors seeking to use liens on real property as leverage for non-improvement contracts. Under the bill, liens would only be permissible for contracts involving actual work, labor, services, materials, plans, or specifications that directly enhance the property itself. Any entity violating this provision would face penalties and fines. This bill does not modify current lien rights afforded under state law.

In addition, this bill creates a civil cause of action to allow victims of such deceptive practices to recover actual costs, damages, and attorney fees. This is a necessary step to protect consumers from predatory financial agreements that exploit property ownership for unjust financial gain.

I introduced Senate Amendment 1 to remove language that would have allowed a register of deeds to reject non-improvement contracts from being recorded. In hearing their concerns, they ultimately felt it would be difficult for them to determine whether a contract constituted a non-improvement agreement.

I hope you will join me in supporting SB 158 to ensure that Wisconsin homeowners will no longer be targeted by these deceptive business practices. Thank you for your consideration.



DAVE MAXEY

STATE REPRESENTATIVE • 83RD ASSEMBLY DISTRICT

Testimony on Senate Bill 172

Senate Committee on Insurance, Housing, Rural Issues and Forestry

April 17, 2025

Thank you, Chairman Quinn and committee members, for hearing my testimony on Senate Bill 172.

Across the country, we've seen troubling business practices targeting property owners. Reality has hit, and unfortunately, it's showing up here in Wisconsin. Some companies are offering homeowners quick cash up front, but what they don't make clear is the real cost down the road.

These agreements often include hidden terms that allow the company to place a lien on the homeowner's property. In some cases, homeowners have been hit with massive penalties. Shockingly, some have been forced to pay a percentage of their home's value just for trying to cancel the contract or transfer the property to a family member.

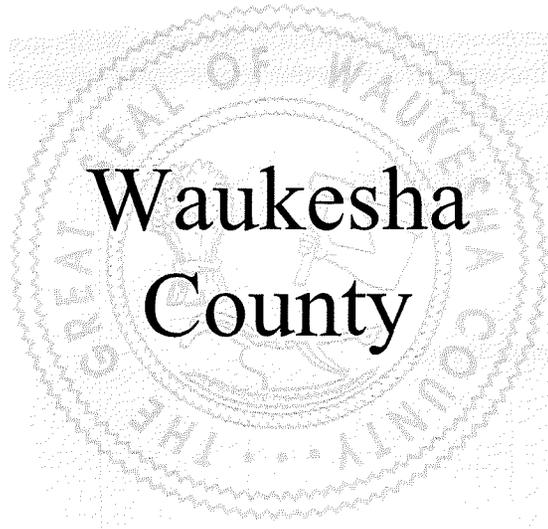
Let's just be honest: these are predatory tactics, and they're hurting financially vulnerable people. Many don't even realize what they've signed until it's too late.

Other states have stepped in to put a stop to this, and I'm happy to help Wisconsin do the same. Senate Bill 172 will ensure that liens can only be used when actual work or materials are provided that improve the property — not just for signing a contract that benefits a company.

This bill doesn't touch the existing, lawful lien rights under state law. What it does do is create clear consequences for any business that tries to take advantage of homeowners through these shady agreements. It also gives victims the right to go after actual damages and attorney fees in civil court.

Senate Amendment 1 to this bill removes the section that would have allowed registers of deeds to reject non-improvement contracts. They felt it would be difficult for them to determine whether a contract qualified as a non-improvement agreement or not, and we respect their concerns.

This is a common-sense step to protect homeowners from bad actors and prevent new schemes that put property rights at risk. I urge you to support this legislation and stand up for Wisconsin families.



April 17, 2025

Testimony on Senate Bill 172
Senate Committee on Insurance, Housing, Rural Issues and Forestry

Chairman Quinn and members of the Senate Committee on Insurance, Housing, Rural Issues and Forestry, thank you for the opportunity to submit testimony on Senate Bill 172, the Homeowner Protection Act. There is a growing concern nationwide about predatory business practices that exploit property owners. Unfortunately, Wisconsin and specifically Waukesha County have not been immune to such tactics.

This bill addresses predatory “Homeowner Benefit Programs” which target homeowners with misleading promises of upfront cash in exchange for an exclusive right to list their home if they sell within the next several decades. While this may seem like a simple financial arrangement, these agreements often contain deceptive terms that place homeowners at significant financial risk.

We have already seen such agreements recorded in the Waukesha County Register of Deeds Office. Like reverse mortgage scams, these programs lure consumers in with the promise of quick cash, only for them to later discover hidden penalties, excessive contract lengths, and even undisclosed mortgages placed against their properties. Many homeowners are misled into believing they face no risk, only to later find themselves trapped in costly and unfair obligations. The practices employed by these companies violate the Unfair Trade Practices and Consumer Protection Law.

It is necessary to safeguard homeowners from these deceptive agreements and ensure stronger consumer protection in the real estate industry. We urge your support for this bill to help protect homeowners from these predatory practices. Other states have acted decisively to curb these practices, and Senate Bill 172 positions Wisconsin to do likewise. The bill clarifies that liens are permissible only when genuine improvements through labor or materials are rendered—not merely for contractual engagement advantaging a company.

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Importantly, the bill preserves existing legitimate lien laws, while instituting definitive penalties for companies exploiting homeowners. It further empowers victims to pursue actual damages and legal costs in civil proceedings.

We urge your support for this legislation.

Sincerely,
Beth N. Zimmermann
Deputy Register of Deeds
Waukesha County Register of Deeds



April 17, 2025

Senate Committee on Insurance, Housing, Rural Issues and Forestry
2 E. Main St. 201 SE
Madison, WI 53703

Dear Chairman Quinn and members of the Committee on Insurance, Housing, Rural Issues and Forestry,

On behalf of the Wisconsin Land Title Association (WLTA), thank you for the opportunity to submit testimony in support of Senate Bill 172.

WLTA represents professionals across Wisconsin who work every day to ensure real estate transactions are conducted with transparency, integrity, and the highest regard for consumer protection. We support SB 172 because it addresses a deeply concerning pattern of unscrupulous business practices that have emerged in our state.

Financially vulnerable homeowners have been targeted with upfront cash incentives in exchange for signing exclusive service contracts. Unbeknownst to many of them, these agreements included provisions that allow a lien to be placed on their property—even though no actual work was performed. In some cases, individuals face steep penalties, including fees tied to the percentage of their property's value, simply for trying to cancel the contract.

This type of predatory financial arrangement not only misleads homeowners but threatens the security and clarity of property titles across Wisconsin. SB 172 takes necessary steps to prohibit the recording of liens unless they are tied to contracts involving actual work, labor, services, materials, or plans that directly improve the property.

Importantly, this bill preserves all current lien rights under existing state law for legitimate improvements. It does not alter those longstanding protections. Instead, it adds a safeguard: ensuring that bad actors cannot misuse the lien process to enforce non-improvement contracts. It also creates a civil cause of action, giving victims the ability to recover damages, costs, and attorney fees when they have been exploited.

The Wisconsin Land Title Association strongly supports SB 172 because it protects both homeowners and the integrity of our land records. We urge the committee to advance this legislation and help ensure Wisconsin residents are not subject to deceptive practices that put their property at risk.

Thank you for your time and consideration.



To: Senate Committee on Insurance, Housing, Rural Issues and Forestry

From: Cori Lamont, Vice President of Legal & Public Affairs

Date: April 17, 2025

RE: SB 172/AB 157 – prohibiting filing or recording contracts for services of materials that do not improve real estate

The Wisconsin REALTORS® Association (WRA) supports SB 180/AB 194, which restricts who can record agreements and liens against real property.

Background

Nationwide concerns arose over a firm's business model that offered homeowners upfront payments in exchange for a 40-year exclusive listing agreement. If the homeowner sold, the firm would earn a commission; if not, the homeowner could owe more money than they originally received. Several state attorneys general sued the firm for deceptive practices, prompting many states to introduce or pass laws limiting the duration of listing contracts to protect consumers.

This practice sparked a broader discussion in Wisconsin: who should be allowed to record agreements and liens against real property when the agreement or document does not contribute to the enhancement or development of that property?

In collaboration with the bill authors, the Wisconsin Land Title Association (WLTA), and the WRA, legislation was crafted to promote transparency and fairness in property transactions. The goal is to prevent homeowners from being subjected to financial or legal obligations that could interfere with their ability to sell, refinance, or manage their property.

SB 172/AB 157 is designed to protect property owners from being encumbered by liens or contracts that do not add value to their property. The legislation aims to ensure a fairer and more transparent process by limiting the recording of non-improvement contracts and related documents that do not contribute to the actual enhancement or development of real estate.

The bill does the following:

Defines non-improvement contract as an agreement in which an individual commits to providing services, labor, materials, or plans that are not used for the improvement or development of the property.

Includes several exceptions such as mortgages and condominium-related documents, that allow certain documents to be recorded even if not directly tied to property improvements. The bill also exempts declarations, covenants, or related documents necessary for the creation or operation of homeowners' associations, housing cooperatives, or other common interest communities.

Allows for the recording of ongoing obligations from instruments of conveyance, such as maintenance contributions, access easements, commercial operations, or property management agreements.

Real-world examples of valid exceptions include:

- **Maintenance Fees for Private Roads:** A developer sells lots in a rural subdivision with a private road. The deed includes a covenant requiring all property owners to contribute annually to road maintenance.
- **Access Easement for Shared Driveway:** Two neighboring homes share a single driveway that crosses both properties. The original deed includes a recorded easement agreement that grants and maintains access rights for both parties.
- **Downtown Commercial Building with Shared Parking:** A group of businesses in a commercial strip mall operate under a recorded agreement requiring shared maintenance costs for the parking lot, snow removal, and landscaping. Each business's deed includes this obligation.

Penalties for violations include fines of up to \$10,000 and/or imprisonment for up to nine months. These penalties serve as a strong deterrent against those who might try to exploit the system for personal gain, helping ensure that the property rights of Wisconsin residents are upheld and respected.

Protecting Property Owners

Unless authorized by current law or specifically allowed under this legislation, a lien or obligation should not be permitted on someone's property. SB 172/AB 157 protects property owners from being unfairly burdened by liens or agreements that do not contribute to the actual improvement or development of their property. By limiting the recording of non-improvement contracts, the law ensures that only legitimate, relevant agreements—those directly enhancing or upgrading a property—can create liens or be recorded.

We respectfully request your support for SB 172/AB 157. If you have questions or need additional information, please contact Cori Lamont at 262.309.2724 or CoriL@wra.org.



Date: April 17, 2025

To: Senate Committee on Insurance, Housing, Rural Issues and Forestry
Senator Romaine Quinn, Chair

From: Kathi Kilgore, Lobbyist
Community Associations Institute of Wisconsin (CAI-Wisconsin)

Re: Requesting Amendment to SB 172

The Community Associations Institute of Wisconsin provides information, education and resources to the homeowner volunteers who govern communities and the professionals who support them. CAI-Wisconsin advocates on behalf of the approximately 751,000 people living in 421,000 homes in more than 5,440 community associations throughout Wisconsin. Community associations include condominium associations, homeowner associations, cooperatives, unincorporated voluntary associations, and summer resort associations.

The proposed statute as drafted provides the register of deeds with the authority to reject "non-improvement contracts." All homeowner associations rely on assessments of their members to accumulate funds to manage their associations, including the hiring of property managers in many instances. These management costs can include printers, postage, reserve studies, accounting fees, attorney fees and other similar costs, which are non-improvement contracts.

Homeowner Associations assess their unit owners pursuant to their Declaration or CCRs (Covenants Conditions and Restrictions) to obtain the funds necessary to manage, police and preserve their properties, which includes maintenance. If a unit owner does not pay, the only real remedy of the association, because of the homestead exemption, is a lien under Wis. Stat. 779.70 (which is attached for reference.)

Clearly the legislature intended to give homeowner associations the right to lien for unpaid assessments. The lien time is extremely limited (4 months), as the first 60 days of the 6 months, a lien cannot be filed, so the right is already limited. There is no reason to require courts to guess whether a 779.70 lien by an association should be exempt or not, since the legislature can make that clear at this time.

CAI-Wisconsin respectfully requests an amendment to SB 172 in proposed statute 710.27 (3) (b) to include Wis. Stat. 779.70.

Thank you for your consideration of this request.

(414) 778-0640
CAI Wisconsin

AMERICA'S ADVOCATE FOR RESPONSIBLE COMMUNITIES

SUBCHAPTER VII

MAINTENANCE LIENS

779.70 Maintenance liens.

- (1) Any corporation organized under the laws of this state as a nonprofit, membership corporation for the purpose of maintaining, improving, policing or preserving properties in which its members shall have common rights of usage and enjoyment, including, without limitation because of specific enumeration, private (not public) parks, plazas, roads, paths, highways, piers, docks, playgrounds, tennis courts, beaches, water pumping plant and connecting pipes or sewer plant and connecting pipes, shall have the power to prepare and annually submit to its membership a budget of the expenditures which it proposes to make for the ensuing year. Such budget shall include the expenses of maintaining the necessary organization of the corporation including salaries to officers, fees paid for auditing the books of the corporation and for necessary legal services and counsel fees to the governing board thereof.
- (2)
 - (a) Upon the adoption and approval of the annual budget by a majority of the members entitled to vote as established by the articles of incorporation and bylaws of the corporation and by rules validly adopted by resolution of the governing board of the corporation, at a regular meeting or adjournment thereof, or upon the approval of a special assessment under par. (e), the governing board of the corporation may levy an assessment not in excess of 8 mills on each dollar of assessed valuation, to be known as a maintenance assessment, against all of the lots, the ownership of which entitles the owner thereof to the use and enjoyment of the properties controlled by the corporation, but the limitation of 8 mills on each dollar of assessed valuation shall not apply in any case in which the property owners or their predecessors in title have, by written contract, or by the terms of their deeds of conveyance, assumed and agreed to pay the costs of maintaining those properties in which the owners have common rights of usage and enjoyment.
 - (b) The assessment levied under this section shall be equal in amount against each parcel of contiguous lots under common ownership and with one dwelling house in a parcel, with the assessment prorated among the lots in the parcel, or equal in rate against the assessed value of each lot or equal in amount against each lot, at the option of the governing board as it directs each year, except as provided in pars. (c) and (d), and shall be levied at the same time once in each year upon all lots. Assessed value shall include the value of the land comprising the lot and the improvements thereon.
 - (c) The governing board shall apportion the cost of operating water or sewer plants and facilities thereof and separate such costs from the other expenses of the budget and shall include the expenses of water and sewer plant maintenance only in the levy against those lots which may be improved with a dwelling house on the date when the levy is ordered, and no portion of such cost shall be assessed against the vacant lots or the owners thereof. In computing the cost of operating water or sewer line facilities thereof, reasonable reserves may be set up for depreciation of facilities.
 - (d) If property owners or their predecessors in title have, by written contract, or by the terms of their deeds of conveyance, agreed to pay unequal amounts, dues or assessments to maintain those properties in which the owners have common rights of usage and enjoyment and if those amounts, dues or assessments which are not based on assessed valuations do not vary more than \$25 between lots, then the governing board may apportion the costs of maintaining those properties in proportion to the amounts, dues or assessments specified in the agreement.
 - (e) The governing board of a corporation may call a special meeting upon at least 5 days' written notice for the purpose of making a special assessment. The nature of the proposed special assessment shall be included in the notice. A majority of members entitled to vote shall constitute a quorum for a special meeting, and a majority of members entitled to vote who are present at the special meeting shall determine a question.
- (3) The governing board of a corporation described in sub. (1) shall declare the assessments levied under sub. (2) due and payable at any time after 30 days from the date of the levy. The corporation's secretary or other officer shall notify the owner of every lot so assessed of the action taken by the board, the amount of the assessment of each lot owned by such owner and the date on which the assessment becomes due and payable. The secretary shall mail the notice by U.S. mail, postage prepaid, to the owner at the owner's last-known post-office address.

- (4) In the event that an assessment levied under sub. (2) against any lot remains unpaid for a period of 60 days from the date of the levy, the governing board of the levying corporation may, in its discretion, file a claim for a maintenance lien against the lot. All of the following apply to a claim for lien under this subsection:
- (a) The claim may be filed at any time within 6 months from the date of the levy.
 - (b) The claim shall be filed in the office of the clerk of the circuit court of the county in which the lands affected by the levy lie.
 - (c) The claim shall contain a reference to the resolution authorizing the levy and the date of the resolution, the name of the claimant or assignee, the name of the person against whom the assessment is levied, a description of the property affected by the levy and a statement of the amount claimed.
 - (d) The claim shall be signed by the claimant or the claimant's attorney, need not be verified, and may be amended, in case an action is brought, by court order, as pleadings may be.
- (5) The clerk of circuit court shall enter each claim for a maintenance lien in the judgment and lien docket immediately after the claim is filed in the same manner that other liens are entered. The date of levy of assessment will appear on the judgment and lien docket instead of the last date of performance of labor or furnishing materials.
- (6) When the corporation, described in sub. (1) has so filed its claim for lien upon a lot it may foreclose the same by action in the circuit court having jurisdiction thereof, and ss. 779.09, 779.10, 779.11, 779.12 and 779.13 shall apply to proceedings undertaken for the enforcement and collection of maintenance liens as described in this subsection.

History: 1977 c. 316, 449; 1979 c. 32 ss. 57, 92 (9); 1979 c. 176; Stats. 1979 s. 779.70; 1989 a. 31; 1995 a. 224; 1997 a. 254.