CITY AND COUNTY OF DENVER DISTRICT COURT 1437 Bannock Street Denver, CO 80202	DATE FILED April 1, 2025 10:08 AM FILING ID: 2E0B7044B5625 CASE NUMBER: 2025CV31198
STATE OF COLORADO, *ex rel.* PHILIP J. WEISER, ATTORNEY GENERAL Plaintiff, v. HOMEOPTIONS, INC.; HOMEOPTIONS COLORADO REAL ESTATE, LLC, Defendants.	**▲COURT USE ONLY ▲**
PHILIP J. WEISER, Attorney General LAUREN M. DICKEY, 45773* First Assistant Attorney General BRADY J. GRASSMEYER, 47479* Senior Assistant Attorney General CONOR A. KRUGER, 54111* Assistant Attorney General Ralph L. Carr Judicial Center 1300 Broadway, 7th Floor Denver, CO 80203 Telephone: (720) 508-6200 FAX: (720) 508-6040 brady.grassmeyer@coag.gov conor.kruger@coag.gov *Counsel of Record	Case No. Div.:
COMPLAINT	

Plaintiff Philip J. Weiser, Attorney General for the State of Colorado ("the Attorney General"), in his official law enforcement capacity, alleges as follows:

I. Introduction

1. The Attorney General brings this action to enjoin Defendants HomeOptions, Inc., and HomeOptions Colorado Real Estate, LLC (collectively, "Defendants") from continuing to benefit from the unfair and unconscionable contracts they have entered into with nearly two hundred Colorado homeowners.

2. Defendants are a real estate brokerage firm.

3. In 2021, Defendants began selling Colorado homeowners a unique type of broker engagement contract. In exchange for a small cash payment, homeowners agreed to use Defendants as their real estate broker if the homeowner sold their home in the future.

4. These broker engagement contracts contain several unfair and unconscionable terms that expose Colorado consumers to significant harm. For example:

a. Defendants' broker engagement contracts last for up to forty years and guarantee that Defendants will earn thousands of dollars from the homeowner;

b. The obligation to use Defendants as a real estate broker is binding on the homeowner's heirs; and

c. The engagement contract is recorded, as a "Memorandum of Understanding," against the homeowner's property and binding on future owners.

5. These terms are unfair and unconscionable. Colorado has a strong public policy against agents clouding title against homes and the Memorandum of Understanding that is recorded on a homeowner's property unreasonably and unfairly limits a consumer's ability to freely sell their home. In addition, to terminate a broker engagement contract, a consumer has to pay unreasonably high termination fees or face the possibility that the Memorandum of Understanding will remain on the title to their property and interfere with a future sale.

6. Because the long-term broker engagement contracts that Defendants sold contain these unfair and unconscionable terms in violation of the Colorado Consumer Protection Act ("CCPA"), those contracts, and the encumbrances they create on the properties belonging to Colorado homeowners, are void.

7. The Attorney General brings this action seeking injunctive relief to remove the encumbrances that Defendants currently hold on properties belonging to Colorado homeowners.

II. Parties

8. Philip J. Weiser is the Attorney General of the State of Colorado and is authorized under C.R.S. § 6-1-103 to enforce the provisions of the CCPA.

9. Defendant HomeOptions, Inc. is a Colorado corporation that does business in Colorado and has its principal place of business in Lafayette, California.

10. Defendant Homeoptions Colorado Real Estate, LLC is a Delaware limited liability company that directly or through its subsidiaries does business in Colorado and has its principal place of business in Lafayette, California.

III. Jurisdiction and Venue

11. Pursuant to C.R.S. §§ 6-1-103 and 6-1-110(1), this Court has jurisdiction to enter appropriate orders prior to and following an ultimate determination of liability.

12. The violations alleged herein occurred, in part, in Denver, Colorado. Therefore, venue is proper in the District Court for the City and County of Denver, Colorado, pursuant to C.R.S. § 6-1-103.

IV. Factual Allegations

13. Defendants have operated in Colorado since 2021.

14. As part of their real estate brokerage, Defendants sold Colorado homeowners a unique broker engagement contract which required the homeowner to use the Defendants as their real estate broker should the homeowner choose to sell their home at some point in the future.

15. Defendants marketed to homeowners that it would give them a "reward now to help sell [their] home in the future." The reward was a small cash payment of between $900 and $1100.

16. The long-term broker engagement contracts that Defendants sold differed from standard broker engagement contracts in several important ways.

17. First, the contracts lasted for up to forty years[1], meaning that a homeowner had to use Defendants as their real estate broker for decades into the future.

18. The length of the agreement and the harsh termination penalties negatively impacted the sale of properties; counter to public policy which favors the

[1] An individual homeowner's contract lasted for a definite term, but that term was either twenty or forty years depending on when the homeowner agreed to the long-term broker engagement contract with Defendants.

transferability and marketability of interests in residential real property free from unreasonable restraints on alienation.

19. Under the long-term broker engagement contract, if the homeowner breached the contract, they had to pay Defendants 6% of the home's value regardless of whether the Defendants worked as the homeowner's real estate broker.

20. If the homeowner wanted to terminate the agreement within that term, the homeowner could pay Defendants 3% of the home's value, meaning that Defendants were guaranteed to earn thousands of dollars from the homeowner.

21. Second, the obligation to use Defendants as their real estate agent is binding on the homeowner's heirs. If the homeowner died while their agreement was pending, their heir would have to assume the homeowner's obligations within sixty days of the homeowner's death.

22. If the heir did not assume the obligations, Defendants considered the homeowner to have breached the broker engagement contract and would bring a claim against the homeowner's estate for 6% of the home's value.

23. Third, the Defendants recorded a "Memorandum of Understanding/Notice" on the homeowner's property. Defendants claim to have recorded this memorandum as a way of giving "express notice" of the long-term broker engagement contract so that the public knew that Defendants had the exclusive right to list and market a property.

24. But the recorded memorandum operated as an encumbrance on the homeowner's property, and if the homeowner wanted to sell their property during the term of their engagement contract, they had to pay off the encumbrance to proceed with the transaction.

25. Colorado has a strong public policy that prevents real estate agents from clouding the title of their client's home. In residential transactions, real estate agents are not allowed to file a lien, lis pendens, or record a listing contract to secure the payment of any commission or fee unless the agent has adjudicated a claim and a judgment is entered. 4 C.C.R. § 725-1(6.22)(B).

26. Defendants were successful in Colorado and sold long-term broker engagement contracts to approximately 197 Colorado homeowners. On information and belief, there are approximately 171 memoranda currently recorded on properties belonging to Colorado homeowners.

27. It is a deceptive trade practice to knowingly or recklessly engage in any unfair, unconscionable, deceptive, deliberately misleading, false, or fraudulent practice. Colo. Rev. Stat. § 6-1-105(1)(rrr).

28. The long-term broker engagement contracts are, by their terms, unfair and unconscionable because they lasted up to forty years and are binding on the homeowner's heirs. Defendants are guaranteed to receive thousands of dollars from the homeowner while the homeowner cannot cancel the agreement without having to pay Defendants thousands of dollars.

29. The memorandum that Defendants recorded against the properties belonging to Colorado homeowners acts as an encumbrance in favor of Defendants and against the homeowner's interest in the property to prevent homeowners from selling their home with any broker besides Defendants.

30. Colorado homeowners have had to pay thousands of dollars to release the memoranda held by Defendants.

31. Recognizing the harm to Colorado consumers created by these types of real estate brokerage contracts, in 2023, the General Assembly made it a deceptive trade practice for a real estate broker to enter into a long-term engagement contract like the ones that Defendants sold to Colorado homeowners. *See* Colo. Rev. Stat. § 6-1-105(1)(uuu); SB 23-077, Ch. 50, Sec. 1, 2023 Colo. Sess. Laws 179.

32. On information and belief, the long-term broker engagement contracts that Defendants sold to Colorado homeowners were sold before the General Assembly passed SB 23-077.

V. Claims

First Claim for Relief
(Unfair or Unconscionable Trade Practice, C.R.S. 6-1-105(1)(rrr))

33. Plaintiff incorporates herein by reference all allegations set forth above.

34. Defendants engaged in an unfair and unconscionable trade practice by selling consumers a long-term broker engagement contract that contained several unfair and unconscionable terms. Specifically, the contract's terms are unfair and unconscionable because:

a. It lasts for up to forty years;

b. It guarantees Defendants thousands of dollars from the homeowner regardless of whether the Defendants serve as the homeowner's listing broker; and

c. It is binding on the homeowner's heirs for the entire term of the contract.

35. Defendants also engaged in an unfair and unconscionable trade practice by recording a Memorandum of Understanding on a homeowner's property after they agreed to the long-term broker engagement contract.

IV. Relief Requested

WHEREFORE, Plaintiff prays for judgment against the Defendants and the following relief:

A. An order declaring Defendants' above-described conduct to be in violation of the Colorado Consumer Protection Act, C.R.S. §§ 6-1-105(1)(rrr).

B. An order permanently enjoining Defendants, their officers, directors, successors, assignees, agents, employees, and anyone in active concert or participation with any Defendant with notice of such injunctive orders, from engaging in any deceptive trade practice as defined in and proscribed by the CCPA, and as set forth in this Complaint.

C. Additional appropriate orders necessary to prevent Defendants' continued or future deceptive trade practices.

D. A judgment in an amount to be determined at trial for restitution, unjust enrichment, or other equitable relief pursuant to C.R.S § 6-1-110(1).

E. An order requiring Defendants to pay civil penalties in an amount not to exceed $20,000 per violation pursuant to C.R.S. § 6-1-112(1)(a), or $50,000 per violation pursuant to C.R.S. § 6-1-112(1)(c).

F. An order requiring Defendants to pay the costs and expenses of this action incurred by the Attorney General, including, but not limited to, Plaintiff's attorney fees, pursuant to C.R.S. § 6-1-113(4).

G. That the Court adopt the Stipulated Consent Judgment, which is being filed simultaneously herewith, as an Order of the Court.

H. Any such further orders as the Court may deem just and proper to effectuate the purposes of the CCPA.

Respectfully submitted this 1st day of April, 2025.

PHILIP J. WEISER
Attorney General

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