STATE OF NEW YORK

9584

IN SENATE

March 26, 2026

Introduced by Sen. MAY -- read twice and ordered printed, and when printed to be committed to the Committee on Consumer Protection

AN ACT to amend the general business law and the real property law, in relation to digital representations in real estate listings

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. The general business law is amended by adding a new section 349-i to read as follows:

§ 349-i. Digital representations in real estate listings. 1. For the purposes of this section, the following terms shall have the following meanings:

(a) "Digital representation" means any image, video, or interactive or immersive media used to advertise or market real property, including virtual tours.

(b) "Virtual tour" means any interactive, panoramic, or simulated walkthrough that represents the layout or spatial relationships of real property.

(c) "Material alteration" means a modification that would affect a reasonable consumer's understanding of real property's condition, features, or layout.

2. It shall constitute an unfair, deceptive or abusive act under section three hundred forty-nine of this article and false advertising under section three hundred fifty of this article to use or publish a digital representation of real property containing material alterations that materially misrepresent, or materially interfere with, a reasonable consumer's understanding of:

(a) the condition of the property;

(b) the existence of physical features or improvements; or

(c) the layout, dimensions, or spatial relationships of the property.

3. (a) Any digital representation that has been materially altered shall include a clear and conspicuous disclosure that such material alterations are present.

(b) Where virtual staging is used, a digital representation shall disclose that furnishings or finishes were digitally added.

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

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(c) No digital alteration shall add non-existent physical features or remove or conceal known material defects in real property without clear and conspicuous disclosure.

4. (a) A virtual tour shall not materially misrepresent, or materially interfere with a reasonable consumer's understanding of the layout, dimensions, or spatial relationships of a real property.

(b) A virtual tour that includes digitally generated, reconstructed, or conceptual elements that do not depict real property as it actually exists shall be clearly and conspicuously labeled as a conceptual or AI-generated representation.

(c) No virtual tour shall depict spaces, features, or configurations that do not exist, except where clearly and conspicuously disclosed.

5. The use or publication of a digital representation that is in violation of subdivision two, three or four of this section by a licensed real estate broker or salesperson shall constitute untrustworthiness or incompetency under paragraph (a) of subdivision one of section four hundred forty-one-c of the real property law, and the department of state shall be authorized to revoke the license of such real estate broker or salesperson, suspend such license, or impose a fine in accordance with such section for such violation.

6. The attorney general shall be authorized to enforce the provisions of this section as provided under this article.

7. The department of state may issue guidance or promulgate rules or regulations to implement the provisions of this section, including standards for disclosures and examples of permissible and impermissible practices.

8. (a) Nothing in this section shall be construed to prohibit visual enhancements that do not materially affect a reasonable consumer's understanding of a real property's condition, features, or layout.

(b) Nothing in this section shall be construed to prohibit the use of digital representations depicting proposed remodeling, reconstruction, or new construction that does not yet exist, provided that such digital representations are clearly and conspicuously labeled as conceptual or proposed and not depicting the real property as it currently exists, and are not presented in a manner likely to mislead a reasonable consumer.

§ 2. Paragraph (a) of subdivision 1 of section 441-c of the real property law, as amended by chapter 529 of the laws of 2022, is amended to read as follows:

(a) The department of state may revoke the license of a real estate broker or salesperson or suspend the same, for such period as the department may deem proper, or in lieu thereof may impose a fine not exceeding two thousand dollars payable to the department of state, provided that fifty percent of all moneys received by the department of state for such fines shall be payable to the anti-discrimination in housing fund established pursuant to section eighty-a of the state finance law, or a reprimand upon conviction of the licensee of a violation of any provision of this article, or for a violation of subdivision four of section four hundred forty-two-h of this article, or for a material misstatement in the application for such license, or if such licensee has been guilty of fraud or fraudulent practices, or for dishonest or misleading advertising, or has demonstrated untrustworthiness or incompetency to act as a real estate broker or salesperson including as provided under subdivision five of section three hundred forty-nine-i of the general business law, or for a violation of article fifteen of the executive law committed in their capacity as a real estate broker or salesperson, as the case may be. In the case of a real

estate broker engaged in the business of a tenant relocator, untrustworthiness or incompetency shall include engaging in any course of conduct including, but not limited to, the interruption or discontinuance of essential building service, that interferes with or disturbs the peace, comfort, repose and quiet enjoyment of a tenant.

§ 3. This act shall take effect immediately.