

SENATE realestate wholesaling.jpr.tmy.pdf

Uploaded by: Samuel Rosenberg

Position: FAV

SAMUEL I. "SANDY" ROSENBERG
Legislative District 41
Baltimore City

Health and Government Operations
Committee

Chair

Health Occupations and
Long-Term Care Subcommittee

House Chair

Joint Committee on Administrative,
Executive, and Legislative Review



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Testimony of Delegate Samuel I. Rosenberg
Before the Judicial Proceedings Committee

In Support of

House Bill 1408

**Residential Property – Assignment of Contracts of Sale –
Disclosure Requirements and Rescission**

Mr. Chair and Members of the Committee:

House Bill 1408 would require individuals who conduct wholesaling of owner-occupied residential property to disclose that fact to both sellers and purchasers of that property. In addition, it provides a right of rescission for consumers who are not given the required disclosure.

The practice of real estate wholesaling occurs when a home seller attempts to sell an interest in a property to another purchaser (the wholesaler), who then sells the beneficial interest in the property to another purchaser who will assume title to the property. Wholesalers focus on properties that can be obtained well below market value that they believe can be sold for a higher price. After a wholesaler's offer to purchase is accepted by the seller, the wholesaler will then market the property with the intent of selling the property at a higher price.

In these types of transactions, sellers and purchasers are often unaware of the wholesaler's role. Concerns may arise about whether the wholesaler has fully disclosed to the eventual buyer that the transaction is an assignment rather than a traditional sale, whether the contingencies negotiated by the wholesaler extend to the new buyer, and whether the wholesaler has properly advertised the property and his or her financial interests in it.

HB 1408 would clarify these concerns. It requires an explicit disclosure to both the title holder/seller of the property and the end purchaser of the property who hopes to obtain title. The wholesaler's status is more of a facilitator, which would be disclosed. If it is not disclosed, the title holder/seller and the end purchaser would have an unconditional right to rescind the contract and receive any deposit money back.

This amended bill is supported by the Maryland realtors, Maryland land title, and the wholesalers.

HB 1408 would provide important disclosures to Maryland home sellers and buyers. I urge the committee to give HB1408 a FAVORABLE report.

March 27, 2024

HB 1408X_realtors_fav.pdf

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Position: FAV



House Bill 1408 – Residential Property – Assignment of Contracts of Sale – Disclosure Requirements and Rescission

Position: Favorable

Maryland REALTORS® support HB 1408 which requires individuals who conduct wholesaling transactions to disclose that fact to sellers and purchasers and provide them a rescission right.

The practice of real estate wholesaling occurs when a home seller attempts to sell their interest in a property to a wholesaler (the purchaser) who then sells the beneficial interest in the property to another purchaser who will assume title of the property. Wholesalers target properties that can be obtained well below market value that they believe can be sold for a higher price. After a wholesaler's offer to purchase is accepted, the wholesaler will then market the property with the intent of selling the property at a higher price.

These transactions often raise concerns that include:

- whether the wholesaler has fully disclosed to the eventual buyer that the transaction is an assignment rather than a traditional sale;
- whether the contingencies negotiated by the wholesaler extend to the new buyer; and,
- whether the wholesaler has properly advertised the property and their financial interests in it

HB 1408 will clarify many of these concerns by providing an explicit disclosure to both the title holder/seller of the property and the end purchaser of the property who hopes to obtain title. The wholesaler's status as a facilitator will be disclosed and if it is not disclosed, the title holder/seller and the end purchaser will have an unconditional right to rescind the contract and receive any deposit money back.

HB 1408 will provide important disclosures to Maryland home sellers and buyers and Maryland REALTORS® recommend a favorable report.

**For more information contact
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