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Baltimore City

Health and Government Operations
Committee

Chair

Health Occupations and
Long-Term Care Subcommittee

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Joint Committee on Administrative,
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Testimony of Delegate Samuel I. Rosenberg

Before the House Economic Matters Committee

In Support of

House Bill 301

Real Estate Brokers - Brokerage Services - Real Estate Wholesaling

Mister Chairman and Members of the Committee:

Throughout Baltimore signs offering cash for houses appear on utility poles. These ads are typically posted by "real estate wholesalers," unlicensed individuals who seek to enter into real estate purchase contracts with homeowners and then quickly market and sell those contracts to investors or other third parties for a profit.

All too often, those responding to such offers are homeowners desperate for money to pay overdue tax bills, avoid a foreclosure, or to supplement their limited Social Security incomes, and are poorly positioned to protect themselves. This bill seeks to extend the safeguards provided to Maryland consumers under our existing real estate laws to encompass real estate wholesaling. Specifically, the bill would modify the definition of "real estate brokerage services" to include real estate wholesaling and would require individuals providing such services to be licensed.

Beyond Baltimore, real estate wholesalers are active throughout our state, particularly in low income and depressed communities, driven in part by a profusion of YouTube videos promising viewers the chance to make quick money through real estate wholesaling.

Over the past few years, wholesaling has generated complaints from the public about misleading sales tactics and predatory contracts. Many homeowners who have entered into such agreements have lost out on the equity they have built up in their properties.

In response to consumer complaints and with the support of realtors, a number of other jurisdictions have taken action to restrict the worst practices of wholesalers. Over the last decade, Illinois, Arkansas, and Oklahoma and the city of Philadelphia have enacted laws requiring those engaged in real estate wholesaling to obtain real estate licenses, which would subject them to the same code of ethics and regulations that apply to realtors.

The Department of Labor recently informed me of its study of the wholesaling issue. I hope that this committee will take that study into account as it considers HB 301.

It is time for Maryland to curb the predatory practices of wholesalers and enact HB 301's common-sense reforms to our real estate licensing process.

I urge this committee to give a favorable report to House Bill 301.

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