

Opposition to House Bill 301

Not everyone is able to post to the website for testimony on Friday between 9-3pm but we want our voices to be heard. This Bill will put a lot of people out of business.

I am Opposed to House Bill 301 as I believe this constitutes a monopoly. I don't understand why anyone who is selling more than 2 properties a year has to use a Realtor to represent them. I have been in this industry for almost 4 years and I think you will find that a large portion of the population doesn't want to work with Realtors at all because they have to pay a high fee and believe they have to make the property showable, it takes a long time to get to closing, most transactions include contingencies which results in deals falling apart, so they seek out other alternatives.

The type of sellers that most wholesalers work with are people who either have something wrong with their house or their life or just want a quick sale. Many of these people want a quick closing and wholesalers and direct buyers who do this for a business can close in as little as 2 weeks without contingencies. The Realtor contract is about 50 pages and most people don't want to deal with all the paperwork required. The presumption by Realtors is that their contract is protecting the Seller but many Sellers don't feel they need that protection and a lot of documentation is to protect the Realtor. There are contingencies and inspections that complicate the transaction and many of those deals fall apart with those contingencies and a lot of Sellers want a cash offer selling the property in its current condition. These properties typically go to Investors not homeowners. Aren't consumers allowed to have choices in how they sell their own property or does it have to be dictated by the State?

Also included in the bill is language that a person cannot sell more than 2 of their own properties or do more than 2 options or assignable contracts in one year. What if that is that persons' business? Why should they be forced to use a Realtor if they are competent and want to do this for themselves? Why should they be forced to be a realtor under any circumstances. For many wholesalers, this is their business. They are seeking out property owners with problems that are either financial or related to the condition of the property and they need a solution now, not 30 or 90 days from now. Forcing a Real Estate agent as an intermediary will cause distressed owners to walk away from property and cause deterioration in Maryland communities.

The other component of this is many wholesalers sell to property purchasers who plan to fix the property up and rent them out. Their skill set is different than that of a wholesaler. They are happy to pay a fee to secure a property that will secure a cash flow and provide housing to members of the community. Also, the law states all property managers must be real estate agents, what if the owner has 50 properties and they want their cousin to property manage and they are a contractor?

There are so many businesses that feed into Real Estate that will be affected by this. There are lead generation companies that sell seller leads to potential buyers and investors of properties. These sellers could go online and reach out to Realtors, but they chose to do something different. Should they no longer be allowed to do business? Then there are those who advertise that they buy houses on TV and they are NOT Realtors; do they have to stop that advertising or buying and selling properties because they are not working with a Realtor? If this law is enacted, will be forced to pay a fee to a Realtor when they feel they can complete the transaction on their own. What about all the property owners that get postcards or text messages and want to work with an independent buyer or wholesaler? Those people who are marketing to property owners, this law will decimate their business. This will reduce the number of renovations taken on as it will increase the cost of the properties rendering many of these projects in need of renovation unfeasible and will also take money out of the sellers pocket.

Trying to protect consumers? First of all, please don't protect me. I'm an adult and want to make my own decision on how I buy and sell properties. Second, there are bad apples in every industry. There are issues with Realtors not upholding their fiduciary responsibilities. There will be some wholesalers that do bad acts also, but do we need legislation for the few bad actors out there?

I believe consumers should be allowed to have a choice. They can work with a Realtor if they want but if they chose to go another route, that should be up to the property owner, not the State. You'd be surprised at how many Sellers prefer the wholesale route, or other routes in general, as they believe it will cost them less money and aggravation.

I believe that the energy should be placed on how we can improve the 10,000 plus vacant properties in just Baltimore City alone.