

House Development Committee
Proponent Testimony
House Bill 287
6/18/25

Chair Hoops, Vice Chair Lorenz, Ranking Member Hicks-Abdullahi and members of the House Development Committee, thank you for allowing me to provide testimony in support of House Bill 287, which will protect Ohioans against the predatory practice known as real estate wholesaling.

My name is Rich Cosgrove, I am the Principal Real Estate broker and co-owner of Keller Williams Legacy Group Realty, located in Stark County Ohio. I also serve as the Government Affairs Director for Stark Trumbull Area REALTORS® and am a National Association of REALTORS® director.

As a Principal Broker I work with over 275 agents in our brokerage and I have witnessed the negative impact that wholesaling has had on homeowners. Typically, we see wholesalers targeting vulnerable homeowners. This includes but is not limited to homeowners whose properties need significant repair, low to moderate income households and our senior citizen population.

Homeowners that haven't even thought about selling their home are often approached by wholesalers with the promise of a cash deal with no inspections and a quick close time. The wholesaler does not explain to the homeowner that their property may be worth more money than they are being offered, that the wholesaler will resell the property and may not even have the money to close on the sale themselves. This is where the wholesaling disclosure will help protect Ohio homeowners.

To take it a step further, the scariest part to situations like this is when wholesalers talk the homeowner into giving them power of attorney (POA) so the wholesaler can control the entire sale, keeping the homeowner in the dark.

In these instances where POA is given to the wholesaler, this gives the wholesaler the ability to list the property for sale, negotiate a higher sales price for themselves and in many cases, extend the closing date past what was agreed upon with the homeowner in the contract between the wholesaler and the homeowner. These vulnerable homeowners are taken advantage of and the equity in their homes is stolen. I use the word stolen because it is the best way to describe the deceitful practice of wholesaling when the homeowner isn't given all the facts about the sale up front and doesn't learn that their home will be sold for more money to another party until they show up at the closing table. By this time, it is often too late for the homeowner to take any action against the wholesaler and even if they wanted to, do not have money for legal counsel.

We had a situation as I've described just this past year. One of our buyer clients wanted to look at a property listed in the Multiple Listing Service and the showing instructions stated for us to "call the seller" to set up the showing. Upon calling, our agent realized that the person they were speaking with was not the owner of the property but rather a wholesaler who had POA from the seller. Our agent and client viewed the property and while they were there, the homeowner kept saying he would take \$13,000 for the property as he just needed it sold. Our

agent responded that the property was advertised with an asking price of \$25,000. The seller didn't understand why the property was listed for \$25,000, nor why it was on the Multiple Listing Service listed for sale with a real estate agent. His understanding was that he had entered into a purchase agreement for a set price and closing date. He didn't understand why the buyer (wholesaler) had not closed on the property and why he didn't have his money yet as the closing date he and the wholesaler agreed to had passed.

In this situation, the homeowner entered into a purchase agreement he didn't understand and gave POA to the wholesaler. The wholesaler was also the person that filled out the Residential Property Disclosure form even though he had never lived in the property, had no personal knowledge of the defects with the home and he himself lived in Florida. This practice also harms a buyer since buyers rely on the property disclosure form to be accurate, disclosing any defects with the home. We see many out of state wholesalers enter into purchase agreements with Ohio homeowners due to Ohio offering a more affordable home price than many other states.

Most recently one of our agents was contacted by a gentleman from Virginia. He called and made a verbal offer to our seller through our agent for \$69,900 on a property that was listed at \$79,900.00. The seller said they would take that offer and asked our agent to write it up.

Our agent asked the gentleman for proof of funds showing he had the cash to buy the property and if he wanted his name or his business name on the purchase agreement along with other details for the purchase. The gentleman responded that he was not the end buyer.

Our agent found this odd and asked that he explain the situation as she has a fiduciary duty to our seller and needed all the facts to convey to the seller so they could make an informed decision. The gentleman went on to explain that he would be paid a finder's fee and that the deal needed to go through him on behalf of an end buyer. Our agent asked if the person she was speaking with was a licensed agent to which he responded, no I am not.

His intent was to get our seller to accept \$69,900 and he would then turn around and sell the purchase agreement to another person for more money, the end buyer. The gentleman our agent was speaking with didn't have any money to purchase the home himself, could not close on the property and could not provide any proof of an end buyer.

It was the REALTORS® knowledge, professionalism, and fiduciary duty to the homeowner that protected them from entering into a purchase agreement by educating them on what a wholesale transaction is.

Owning a home is part of the American Dream and most often times is the largest investment a person will make in their lifetime.

You have the power to protect Ohio homeowners from their equity being stolen by supporting HB 287. I strongly encourage you to support this bill and by doing so, you will be protecting Ohio homeowners from the equity in their home from being stolen.

Respectfully,
Rich Cosgrove II