

## **Testimony of Deborah Collins**

Association Manager, Ohio Real Estate Investors Association

Board Member, Real Estate Investors Association of Greater Cincinnati

Housing Provider and Active Real Estate Investor since 2004

Chairman Hoops, Vice Chair Lorenz and members of the House Development Committee, thank you for the opportunity to speak with you. I am Deborah Collins, Association Manager of the Ohio Real Estate Investors Association, a board member of the Real Estate Investors Association of Greater Cincinnati and an active real estate investor since 2004.

I come before you today to discuss an often misunderstood part of the real estate system; wholesaling.

Wholesalers play a distinct and valuable role in Ohio's real estate ecosystem. Skilled, professional wholesalers develop deep expertise in estimating renovation costs—something most agents and retail buyers are not trained to do. They maintain strong relationships with cash buyers and renovators who are capable of closing quickly and restoring distressed properties. And they specialize in helping sellers whose properties aren't viable for listing due to condition, title issues, or extreme time constraints.

In many cases, wholesalers are able to assist sellers in situations where a traditional agent cannot—either because the property is unsafe to show, cannot qualify for financing, or must be sold rapidly due to probate, foreclosure, tax sale, or family emergencies.

Wholesalers are not competing with Realtors, they are working in very different areas with very different sellers who have very different goals than a retail seller.

Let me share a few examples from our members:

Last fall, OREIA's Vice President was contacted by a brother and sister who needed to sell a property in Price Hill, Cincinnati. The home had a collapsed retaining wall, no working kitchen or bath, and was filled with debris. It would have required over \$100,000 in renovations to be livable. Because of its condition, the property wasn't insurable or financeable. The sellers' primary concern wasn't price—it was timing. Their father was dying of cancer, and they wanted the sale completed before his passing to avoid the delays and costs of probate.

As a wholesaler with a large network of cash buyers, she was able to get the property under contract on Monday and closed ten days later—well before their deadline. They didn't have to clean it, fix it, or even think about it again. Yes, they received less than they would have on the open market, but in this case, certainty and speed mattered far more than price.

Another member, Anthony, was working with a seller who had received a property in her divorce settlement. However, she had suffered domestic abuse there and had no desire to ever enter the home again. She didn't have the money to clean it out and fix it up, but she didn't want to lose all of the built up equity in a tax foreclosure. Anthony was looking for a buyer who could be sensitive to her concerns, close on the property quickly, not require her to talk about, visit or see the property again, and willing to do all necessary clean out and repairs.

Chris, wholesaled a house in February to another member of REIAGC. The house was owned by two people - a mother and a daughter. The mother's mental health had degraded over the years to the point where she had become fully paranoid + schizophrenic. She ended up murdering someone in the kitchen. She was arrested and went to prison. As you can imagine, the daughter had to scramble to find a new place to live with her kids. They were all traumatized, never wanted to think about the house again, and needed money to start their new chapter ASAP. The daughter didn't know where to start when it came to selling the house. She didn't even know that she *\*could\** sell it with her mom in prison and still on the deed (other people had told her she wouldn't be able to). Chris worked with a reputable title agency to get the mother's signature on a contract and the closing documents (not an easy task to say the least) and got the property off of the daughter's hands in less than 30 days from his first conversation.

And I personally worked with a family that had six sisters that had inherited a property from their parents. Two of the sisters had since passed, only one of those estates was probated and one of the sisters had suffered a stroke. The property had been vacant for 10 years. A blight on the neighborhood, a crime den for local teens, and had overdue taxes from the county. When I got in touch with the family, they all said it was a mess and no one knew how to move forward since all their names were still on the title. Through my knowledge, contacts, and the help of a lawyer well versed in difficult titles, we were able to pay the family a little bit of money (the repairs needed were nearly the value of the house), clean up the ownership with a traveling notary during covid, empty out the property, get it fixed up by a rehabber and a new family living there within six months. One of the granddaughters was able to come in and take old photo albums and memorable knick knacks from the house. Until we called, she didn't know who still had a key to the property or if anyone would allow her inside. The only thing the original sisters asked for were pictures of their parents' house all fixed up. They had felt so bad allowing it to decay and were so happy it was back in use. And the neighbors were thrilled to have this eyesore in much better condition.

When you are not in a tough situation, it is hard to imagine something being more important than a top dollar sale. But for many across the state, that is exactly what they want and

wholesalers are flexible, knowledgeable, and skilled enough to provide it. Every day, sellers call wanting to avoid foreclosure, code violations, demolition orders and tax sales. Professional wholesalers are able to step in to solve the problem that couldn't wait for a conventional solution.

Unfortunately, every industry has its share of bad actors—those who operate unethically, exploit the uninformed, or act purely out of greed. While these stories often make headlines, they remain the exception, not the rule. Education and vigilance are among our strongest defenses against fraud. HB 287 strikes the right balance—it's a meaningful and sufficient step that addresses the issue without the need for further regulation.

We at the Ohio Real Estate Investors Association support the core intent of HB 287. It creates clear, enforceable disclosure requirements for wholesalers and protects sellers from being misled about the nature of the transaction. In fact, it's similar to legislation enacted in Texas that has successfully curbed unethical wholesaling without harming responsible practitioners or the sellers they serve.

However, OREIA would like to recommend one important revision before we fully endorse this bill.

The current language requires the disclosure to read *"The owner is advised to seek legal advice before entering into any agreement or contract with the wholesaler."*

OREIA feels this language is problematic for two reasons-

1. It gives the impression that wholesaling, or this particular wholesaler, is doing something illegal when they are not.
2. Selling a property is a major transaction. Often one with a great deal of money involved. OREIA believes sellers should seek ALL KINDS of advice, not just legal. Selling a property could have financial planning implications, estate planning implications, tax consequences, fixed income consequences, and legal issues.

As such, OREIA would like to recommend broader disclosure language:

*"All buyers and sellers of real estate are entitled to seek legal or professional advice before entering into any agreement or contract regarding the purchase or sale of property"*. This could include a lawyer, a CPA, a benefits liaison, an estate planner, or even a REALTOR. This new language would still protect sellers and promote informed decisions.

OREIA supports HB287's aim of increasing transparency and accountability in wholesaling. Responsible wholesalers provide a real service to distressed sellers and communities by enabling quick sales of properties that would otherwise sit vacant and deteriorate further.

With the one small change I outlined, this bill would both protect sellers and allow skilled problem-solvers to continue their work- ethically, transparently, and legally.

Thank you for your time and consideration. I'd be happy to answer any questions.