



Proponent Testimony for Ohio Senate Bill 155

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Chair Manning, Vice Chair Reynolds, Ranking Member Hicks-Hudson and members of the Senate Judiciary Committee, on behalf of Zillow, I am here to testify in support of Senate Bill 155. We appreciate the opportunity to be a proponent and thank you for bringing this legislation forward for another hearing.

Zillow was founded to bring transparency to the real estate market, empowering consumers with information and data. Whether a consumer is looking to buy, sell, rent, or finance their next home, we seek to provide them with the information they need to make smarter, more informed decisions in what is often the largest, most consequential financial transaction of their lives.

Senate Bill 155 was introduced in an effort to address the opaque, and often predatory, practice of real estate wholesaling. Many states face very similar issues with wholesalers, and have already responded by tightening up laws to require disclosure and even licensing of such activities. Wholesaling of real estate is when a person essentially sells property without the legal authority and training to do so. What's worse, is that the wholesaler does not disclose to the home seller that they, in fact, do not intend to follow through with the purchase of the home despite being under contract to do so. The wholesaler goes under contract to purchase a home, but instead of moving forward with the purchase, they attempt to assign the purchase contract to a buyer in hopes of selling the home for more money than their initial purchase price, and pocket the difference all while the homeseller has no idea. This means that the property could be under contract for several months, while the wholesaler tries to find a buyer. Unfortunately, wholesalers often cannot find a buyer and after a lengthy search, they cancel the purchase contract leaving the homeseller scrambling to find a new buyer.

There are many issues with this practice. Arguably, the most significant issue being the lack of transparency and information that is provided to the consumer when engaging in one of the biggest decisions of their lives: selling their home. There is a provision in the legislation in Section 5301.95 (B)(1) that requires a real estate wholesaler to provide to the property owner a conspicuous written disclosure statement, *separate* from the purchase contract or agreement. We feel that in such a significant transaction such as buying or selling a home, a separate disclosure form should be required and we strongly support this provision. All too often a consumer fails to closely examine a lengthy, technical document, so keeping this separate will help ensure the consumer is well-informed on what type of transaction is being conducted.

Another major concern with real estate wholesaling is that the wholesaler is effectively acting as a real estate agent, but is not licensed and has no training to do so. This unlicensed practice of real estate is dangerous for the public, as they are not under the same license laws and requirements as other licensed real estate professionals. Additionally, consumer abuse is

rampant with this practice as a home seller believes they are selling their home. In most cases, as people start the process to sell their home and begin to make plans for a new home. A seller may even already be under contract with another home purchase or rental home when their own home is under contract, believing they will likely close on the sale of that home and remove that monthly mortgage payment from their liabilities. If the property fails to close, and is then back on the market, the seller is back to “square one.”

We believe Senate Bill 155 is a positive step forward in bringing transparency and information to the home selling process. At Zillow, we want to turn on the lights for homebuyers, sellers and renters and we support policies that bring transparency and information to the process.

We appreciate the committee’s consideration of Senate Bill 155 and we extend our gratitude to Senators Brenner and Ingram for bringing this legislation forward to protect consumers and bring transparency to the homebuying process. I would be happy to answer any questions you may have.