



North Dakota Association of REALTORS®

To advocate for the success of our members in partnership with our local Associations and the National Association of REALTORS®

January 16, 2023

Testimony in Support of HB 1190

Chairman Louser and Members of the House Industry, Business and Labor Committee, for the record my name is Bill Dean and I am a member of the North Dakota Association of REALTORS® and of their Government Affairs Committee. I am also a REALTOR® practicing in the Bismarck-Mandan market.

The North Dakota Association of REALTORS® membership is made up of more than 2,200 REALTORS® and more than 250 Business Partner members.

I am speaking in support of House Bill 1190, which relates to practicing as a real estate broker or salesperson. NDAR's Government Affairs Committee and Board of Directors has brought this bill forward to address the action of "wholesaling" in real estate.

The practice of "real estate wholesaling" occurs when an individual enters into a contract to purchase real estate and immediately attempts to resell, for profit, their interest in that real estate contract to a different purchaser prior to closing on the property. The wholesaler often has no intention of actually purchasing the property and never takes title to the property. If the wholesaler cannot find another buyer to sell the contract to, the wholesaler will typically back out of the contract without closing. Wholesalers will publicly market the property as if they actually own the property, when they only have a contract to purchase the property. This can have an impact on both the seller and purchaser (from the wholesaler) if the sale closes or does not close.

I would like to share my personal background as it relates to wholesaling. When I began my career, I was trained in real estate investing through a national investing education company. Wholesaling was taught as the first method to get started in real estate investing, in about 30 minutes of class time. Since then, I have practiced those methods and taught other investors how to wholesale. The reason it is taught by so many trainers is because it requires virtually zero money down and can pay high profits for your time. These methods are now being advertised on social media, sponsored ads, and by HGTV stars as a way to make money, causing undereducated individuals to begin the practice of wholesaling. I believe the lack of understanding, proper disclosure, and straight fraud is hurting home owners.

Our intention with this bill is that individuals must (1) be licensed in real estate in order to practice wholesaling and (2) be obligated to disclose the practice. By requiring wholesalers be licensees, those practicing wholesaling would have the same level of competency and accountability as all licensed real estate professionals. Additionally, by disclosing exactly what duties and responsibilities will be performed by the wholesaler, consumers can make an informed decision when determining whether or not to enter into an agreement.

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