



HB 4058-A: REGULATION OF REAL ESTATE ACTIVITIES

WHAT DOES HB 4058-A DO?

Regulates Residential Property Wholesaling: Wholesaling occurs when a “wholesaler” enters into a purchase contract with a property owner for one purchase price, then “flips” the contract to another buyer who is willing to pay more for the property. Unlike property “flippers” who take title to the property, fix it up, and “flip” the improved property, wholesalers merely “flip” the contract by assigning it to another buyer for a profit. Wholesaling is currently unregulated in Oregon—wholesalers are not subject to Oregon’s real estate licensing laws because they are not representing clients in a transaction. HB 4058-A follows the example set by other states and local governments across the country by implementing these common-sense consumer protections:

- Defines residential property wholesaling in statute.
- Requires wholesalers to register with the Oregon Real Estate Agency, pass a background check, and provide mandatory disclosures to everyone involved in the transaction.
- Grants OREA the authority to investigate, and if appropriate, penalize, wholesalers who act in bad faith or engage in residential property wholesaling without registration or disclosure.

Prohibits Long-Term Predatory Contracts: Some real estate firms have locked homeowners into contracts that require the homeowner to list their home with a particular firm if the homeowner decides to sell *at any time in the next 40 years*. This has made [tv news](#) in states across the US, and is the subject of Attorney General investigations in several eastern states. Oregon currently has no regulation of these “future right to list” agreements. HB 4058-A changes that by:

- Defines a “future right to list” agreement as a contract granting a right to list, or to refer to another for listing, residential real estate for sale in the future.
- Prohibits real estate licensees from soliciting, entering into, or giving or receiving compensation from a “future right to list” agreement if the contract lasts longer than 24 months, purports to create a lien on the property, or allows assignment without the homeowner’s consent.

Requires the Use of Written Representation Agreements for Real Estate Services: Purchasing a home is often the biggest transaction of someone’s life but all too often buyers and agents are operating without the use of a written agreement. HB 4058-A requires both seller’s and buyer’s agents to use written agreements for their services. In particular, HB 4058-A:

- Requires that real estate licensees representing sellers use a written listing agreement and that real estate licensees representing buyers use a written representation agreement.
- Requires that these agreements describe the legal duties that a real estate agent owes their client, and limits them to a period of 24 months unless actively renewed by both parties.
- Requires real estate licensees to disclose any compensation that is shared between the listing agent and the buyer’s agent.