Allegheny County Council

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Legislation Details (With Text)

File #:	11861-21	**Version:**	1	**Name:**	
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File created:	5/7/2021			**In control:**	Committee on Economic Development & Housing
On agenda:	5/11/2021			**Final action:**	6/8/2021
Title:	Motion of the Council of Allegheny County requesting that the General Assembly consider and enact legislation either to regulate certain entities that undertake real estate wholesale transactions through the creation of a licensure system and establishment of required disclosures relating to these transactions, or to statutorily authorize Allegheny County to do so, in order to provide protections to homeowners from undesired solicitation and its deleterious effects.				
Sponsors:	Sam DeMarco, Bob Macey				
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Date	Ver.	Action By	Action	Result
6/8/2021	1	County Council	Passed	Pass
6/1/2021	1	Committee on Economic Development & Housing	Affirmatively Recommended	Pass
5/11/2021	1	County Council	Referred by Chair	

Motion of the Council of Allegheny County requesting that the General Assembly consider and enact legislation either to regulate certain entities that undertake real estate wholesale transactions through the creation of a licensure system and establishment of required disclosures relating to these transactions, or to statutorily authorize Allegheny County to do so, in order to provide protections to homeowners from undesired solicitation and its deleterious effects.

Whereas, increasingly over the past several years, homeowners within Allegheny County have been increasingly subjected to offers to buy their homes in quick cash deals, which often involve high-pressure and frequently deceptive sales techniques to convince homeowners to sell their homes for far less than fair market value; and

Whereas, many homeowners have been victims of predatory and aggressive techniques in these quick sale transactions, and some are being dragged into court to perform under contracts they did not understand, or that they only signed after being subjected to high-pressure and deceptive sales tactics; and

Whereas, wholesalers frequently target especially vulnerable homeowners: seniors, those who do not speak or read English, heirs who are still grieving lost family members, and those who are at risk of mortgage foreclosure or tax sale; and

Whereas, these wholesalers, who operate largely anonymously behind layers of LLCs, often are not the parties actually buying someone's home; instead, they frequently make an offer to buy from a homeowner, and then assign or sell that sales contract to someone else, for a fee and/or a higher price. In these scenarios, the homeowner far less than their house is actually worth, and the wholesaler is unjustly enriched with thousands or

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more often tens of thousands of dollars of profit on a single deal; and

Whereas, some wholesaler LLCs intentionally move in and out of legal existence, in the process making it difficult or impossible to track them down for any type of remedial action; and

Whereas, unscrupulous wholesalers' unjust profit represents equity that has been built up, often over decades and generations by homeowners and their families, and which suddenly is taken from a homeowner without their full understanding of the nature of the transaction or the consequences of their decision; and

Whereas, through transactions like these, unethical wholesalers are depressing property values, stripping wealth from vulnerable communities, and depriving local governments of much needed tax revenue. In addition, not only are most "equitable interest" sales undersold, but these are essentially assignments of contracts, not subject to transfer tax or documentation from income tax purposes; and

Whereas, Allegheny County has made its mission to protect seniors, promote homeownership, and encourage transparent private commerce; and

Whereas, while it is the desire of Council to establish a mechanism for identifying entities undertaking real property wholesale transactions within Allegheny County, and to establish basic protections for County property owners through the provision of resources to enable them to make informed decisions regarding the sale of their property, it is the considered opinion of Council that establishing such a structure at this time may give rise to litigation founded upon an assertion that the County has undertaken an impermissible regulation of business, contrary to the provisions of 53 Pa.C.S.A. §2962(f); and

Whereas, it is accordingly the judgment of Council that the most prudent and efficient path forward would be for the General Assembly to undertake statewide regulation of these transactions in the fashion outlined herein, or to expressly and statutorily authorize Allegheny County to undertake these measures in order to provide consumer protections;

The Council of the County of Allegheny therefore hereby moves as follows:

Council hereby requests that the Pennsylvania General Assembly consider and enact legislation either to regulate certain entities that undertake real estate wholesale transactions through the creation of a licensure system and the establishment of required disclosures relating to these transactions, or to statutorily authorize Allegheny County to do so, in order to provide protections to homeowners from undesired solicitation and its deleterious effects.

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