



## Vote YES on House Bill 574

### What Does HB574 Do?

HB574 would prohibit an individual from advertising for sale an equitable interest in a contract for the purchase of real property without holding an active Kentucky Real Estate License.

### What Does That Mean?

Wholesaling results when an individual (wholesaler) enters into a contract with a property owner and assigns the contract to an end buyer who agrees to pay more than the sale price promised to the seller. Wholesaling may occur at closing or by a double closing where the transactions are handled separately between the wholesaler and the seller and again between wholesaler and the end buyer.

### Why Is HB574 Necessary?

This is a consumer protection issue. A real estate transaction is a significant financial undertaking that currently merits public interest protection of a buyer and seller by the Kentucky Real Estate through regulation, examination, and licensing of Kentucky real estate sales associates and brokers.

Wholesaling is often indistinguishable from the activities a Kentucky real estate licensee engages in when advertising a property for a seller. As a result, consumers lack public protection oversight to ensure the safe and fair operation of one of the most meaningful and largest transactions made by individuals and families.

State regulators have no recourse in cases of abuse involving a wholesale transaction. While disputes may be filed in small claims court, the financial burden, time, and energy needed for this process may create an undue burden that deters a complaint. By licensing wholesaling, KREC will have the ability to investigate and enforce statutory, administrative rules, and industry standards that exist today.



**HB574 provides the same public protection and accountability for both traditional real estate transactions and wholesaling real estate transactions, instead of prohibiting the practice or requiring a burdensome disclosure process to the buyer and seller.**