

Housing wholesalers now facing scrutiny



With an increasingly seller-friendly real estate market, the practice of wholesaling has become more prevalent and resulted in more complaints before the Oklahoma Real Estate Commission. A law that went into effect Nov. 1 requires wholesalers to obtain a license and abide by the same laws and regulations as other real estate professionals. PHOTO BY DANIEL TUTTLE VIA UNSPLASH

BY KATHRYN MCNUTT
The Journal Record

No-fuss offers to buy your house that arrive in the mail and are posted along busy streets have become common in the current sellers' market.

These enticements come from real estate wholesalers who want to sign a purchase contract and then sell it to a third party for a profit. Until recently, the practice was unregulated in Oklahoma.

Wholesaling has generated a growing number of complaints filed at the Oklahoma Real Estate Commission about misleading sales tactics, predatory contracts and clouding titles.

"Many Oklahomans who agree to sell their homes to a wholesaler are upset when they learn that the person who offered to purchase their home is actually assigning the purchase contract to a third party for a profit instead of purchasing it themselves," said Grant Cody, executive director of the OREC.

"They're upset to find out they could have made another \$30,000 or \$40,000," he said. "It's taking their equity in the home."

Issues raised by both sellers and licensed real estate agents are addressed in a state law that went into effect Nov. 1.

The Predatory Real Estate Wholesaler Act requires wholesalers to obtain a real estate license and abide by the same laws and regulations as other real estate professionals in Oklahoma.

"There are people who do this correctly. They act ethically and openly to help people move distressed properties," Cody said. "But unfortunately, an increasing number of individuals are doing it in a most predatory manner."

Angelena Harris, the managing broker at Spearhead Realty, said wholesaling can help homeowners who prefer a quick transaction.

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The U.S. Supreme Court's schedule for its first day of work in the new year was dominated by cases key to Oklahoma. PHOTO BY ANNA SULLIVAN VIA UNSPLASH

Oklahoma cases front and center for Supreme Court

BY JANICE FRANCIS-SMITH
The Journal Record

The U.S. Supreme Court's schedule for its first day of work in the new year was dominated by the name of one state: Oklahoma. The state's plan to resolve the uncertainties created by the McGirt decision involves much discussion before the court – but little discussion with tribal leaders.

The Supreme Court's conference schedule for Jan. 7, 2022 included more than 30 cases Oklahoma Attorney General John O'Connor's office has requested the court consider this session. Of the long list of cases with names that start with "Oklahoma v.," many had been dismissed from the Oklahoma Court of Criminal Appeals over the last year for lack of jurisdiction in light of the McGirt ruling.

The Supreme Court ruled in 2020 in *McGirt v. Oklahoma* that the Muscogee (Creek) Nation's reservation was never properly dissolved, making much of eastern Oklahoma Native land under jurisdiction of tribal governments. Though the ruling specifically addressed jurisdiction for criminal offenses involving tribal citizens, the ruling has created uncertainty regarding jurisdiction over taxation and regulation as well.

Congress responded to the state's request for relief with legislation encouraging the state to work with tribal leaders on agreements to clear up the uncertainties. But thus far, Gov. Kevin Stitt and tribal leaders have not done much talking with each other.

On Thursday afternoon, the chief of the Muscogee (Creek) Nation issued an open letter encouraging Stitt to abandon his efforts to have the U.S. Supreme Court's deci-

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Partnership addresses gap in water supply workforce The National Ground Water Association and Oklahoma State University have joined in partnership to create crucial training for people interested in getting into the field or in advancing careers.

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CRUDE OIL	NATURAL GAS	GASOLINE
0.56	.104	.0054
Feb \$78.90	Feb \$3.916	Feb \$2.2989

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Perhaps the property is in bad shape and needs extensive repairs or someone must be hired to clean up liens on the property before it can be sold. The seller might not have the money or time to take care of those issues.

“I see both sides of it. I give people both sides of it,” said Harris, a real estate investor and president-elect of MLSOK, the state’s multiple listing service.

When she makes an offer, she explains that it is based on the estimated cost to fix up the house and the profit she needs to make when she sells it.

Harris said the new law gives the Real Estate Commission some teeth to go after the bad actors.

“There’s a lot of unlicensed activity going on right now that they are investigating,” she said. “The local market is definitely aware of the law. The ones that took it seriously went out and got their license.”

Harris and Cody said the majority of



PHOTO BY PETER HERRMANN VIA UNSPLASH

complaints involved out-of-state wholesalers who put the property under contract and hold it hostage while searching for an investor to buy it.

After signing a contract with an unlicensed wholesaler in California or New Jersey, the seller may not hear anything for months and cannot get in touch with

the person, Cody said. Meanwhile, the wholesaler might file an interest on the property with the county assessor, clouding the title, he said.

These instances have increased during the pandemic with predators often preying on the elderly and people in financial distress, Cody said. It can be difficult for investigators to find these wholesalers, especially if they are out of state, he said.

Oklahoma is one of the first states to take action to address the issues created by this growing trend, Harris said.

Cody said officials from 14 states have contacted him in the past six months, asking about Oklahoma’s approach.

Wholesalers now are required to comply with the Oklahoma Real Estate License Code and Administrative Rules, which mandate a number of duties and responsibilities that cannot be waived, Cody said.

Sellers considering signing a purchase contract with someone, can check to see if the person is licensed at oklahoma.gov/orec.