



WHOLESALING AND CONSUMER PROTECTION

Senate Bill 1075 Explained



OKLAHOMA
Real Estate Commission





SETTING THE STAGE: WHY SB 1075 WAS INTRODUCED

➤ **Predatory Real Estate Wholesaler Prohibition Act**

Went into effect November 1st, 2021

➤ **Continued complaints and wholesaler abuse**

Less public marketing
Signing over Power of Attorney or Attorney in Fact
Double closing

➤ **Targeting vulnerable populations of Oklahoma**

Minority communities
Senior citizens
Consumers under financial duress



CLARIFYING THE LANGUAGE OF SENATE BILL 1075

SB 1075 applies to licensed AND unlicensed wholesalers

A wholesaler shall:

- Disclose in writing to the homeowner, before the execution of any contract or written agreement, his or her intent to assign or sell his or her equitable interest in the residential real estate for a higher price than what is offered to the homeowner;
- Provide a prominent written disclosure to the homeowner in all written contracts between the parties stating that the homeowner should seek legal advice before signing any contract concerning his or her home; and
- Disclose in writing to the homeowner that the homeowner has the right to cancel the contract without penalty within two (2) business days after the execution of the contract.



CLARIFYING THE LANGUAGE OF SENATE BILL 1075

A wholesaler shall not directly or indirectly:

- Act as an advisor or consultant, or in any other manner representing that the wholesaler is acting on behalf of the homeowner;
- Represent himself or herself as holding a certification or license, or being a member of a licensed profession, without possession of the certification or license.



CLARIFYING THE LANGUAGE OF SENATE BILL 1075

Earnest money clarification:

- Failure to include any of the required disclosures under this section shall render the contract invalid and unenforceable by the wholesaler and shall entitle the homeowner to any earnest money deposit involved in the transaction.
- Any earnest money deposit or security deposit by a wholesaler shall be kept in an escrow account maintained in this state with a **federally insured financial institution**. The homeowner may terminate the contract at any time if the wholesaler fails to comply with the provisions of this section.



OREC'S IMPLEMENTATION AND FRAMEWORK FOR SB 1075

➤ **Cancellation Notice Form Creation for Wholesalers and Homeowners**

➤ **Cancellation Language Available in Standard Clauses**

➤ **Public Outreach**

Public Relations with Koch Communications
Resource and Video Generation
Discussion with local associations and county clerk offices
Considering mailers to alert homeowners of new rights

➤ **Future Rulemaking Abilities and Legislative Changes**

Q&A

PROPERTY IDENTIFIER

OKLAHOMA REAL ESTATE COMMISSION
This is a legally binding Contract; if not understood, seek advice from an attorney.
**NOTICE OF HOMEOWNER'S CANCELLATION
OF WHOLESALE REAL ESTATE PURCHASE CONTRACT**

This Notice of Homeowner's Cancellation of Wholesale Real Estate Purchase Contract ("Notice") terminates the Wholesale Real Estate Purchase Contract ("Contract") for the sale of the property located at: _____ (Street Address and City) between the undersigned Homeowner and _____ (Wholesaler).

Homeowner notifies Wholesaler that the Contract is terminated pursuant to the following:

- 59 O.S. § 858-314 (C), which allows a homeowner to cancel the Contract without penalty within two (2) business days after the execution of the Contract. **You must cancel the Contract within two (2) business days after the Contract is executed. You cannot cancel the Contract pursuant to this provision after two (2) business days.**
- 59 O.S. § 858-314 (F), for failure of Wholesaler to include any of the disclosures required in 59 O.S. § 858-314. **You may cancel the Contract at any time if the Wholesaler has failed to provide the required disclosures.** Wholesalers are required to make the following written disclosures:
 - Wholesalers are required by law to provide you with written notice before execution of any contract or written agreement of their intent to assign or sell their equitable interest in the property for a higher price than what you are being offered.
 - Wholesalers are required by law to disclose in writing in all contracts that you should seek legal advice before signing any contract concerning your home.
 - Wholesalers are required by law to disclose in writing that you have the right to cancel the contract without penalty within two (2) business days after the execution of the contract.

Any contract that fails to include the required disclosures in 59 O.S. § 858-314 is invalid and unenforceable, and you are entitled to any earnest money deposit involved in the transaction.

THIS FORM HAS IMPORTANT LEGAL CONSEQUENCES AND HOMEOWNER SHOULD CONSULT LEGAL COUNSEL BEFORE SIGNING.

Seller's Signature _____ Date _____ Seller's Signature _____ Date _____

CANCELLATION OF WHOLESALE CONTRACT (01-01-2025) has been prepared by Oklahoma Real Estate Commission and approved by Oklahoma Real Estate Commission. Page 1 of 1



HOMEOWNER CANCELLATION NOTICE

**WHOLESALING:
WHAT YOU NEED TO KNOW**

PROTECTING CONSUMERS, PROPERTY OWNERS, AND REAL ESTATE PROFESSIONALS IN OKLAHOMA

WHAT IS WHOLESALING AND HOW DOES IT WORK?

- Wholesaling is when a buyer enters into a purchase contract, with the intent of assigning that contract to another buyer or reselling the property in its current condition for a profit. As an example:
 - Wholesaler signs contract with a property owner to purchase home for \$100,000.
 - Wholesaler signs a contract with another buyer for \$130,000.
 - Wholesaler collects the \$30,000 difference, typically called an assignment fee.
- Wholesalers typically target property owners who need to sell quickly, often for under market value.
- Many sellers are not aware they've entered into this type of agreement, or the amount of profit being made by the wholesaler off of the transaction.
- Sellers often unknowingly sign an agreement or a Power of Attorney allowing a wholesaler to act on behalf of the seller and sign any documents associated with the sale of the property. This might be an affidavit or addendum making the wholesaler an "Attorney in Fact."

SB 1075 GOES INTO EFFECT NOV 1, 2025 - KEY POINTS:

- Applies to residential transactions.
- Applies to licensed and unlicensed wholesalers.
- Requires written disclosure of wholesaler's intent to sell property at a higher price.
- Homeowners may cancel the contract within two business days without penalty.
- Prohibits wholesalers from clouding or impacting title in any way.
- Wholesaler cannot act as an advisor or consultant on the homeowner's behalf.
- Earnest money must be deposited in an FDIC insured bank in Oklahoma.
- Mandatory cancellation form must be included.
- Contracts missing disclosures or cancellation form are invalid and unenforceable.
- Seek legal advice FIRST. Never sign a contract you don't understand.

OKLAHOMA Real Estate Commission



WHOLESALING RESOURCE

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