



## **REQUIRING CERTAIN DISCLOSURES FOR WHOLESALING REAL PROPERTY SB909 by Haile/ HB781 by G. Martin**

The Governor has signed into law legislation brought by Tennessee REALTORS® which requires a buyer engaged in wholesaling real property to disclose certain information to the seller and a subsequent purchaser.

**What is “wholesaling”?:** The legislation defines this as a real estate transaction where a buyer enters into a contract with a seller to purchase real property and then assigns the buyer’s equitable interest in the real property to a subsequent purchaser for a higher price than the buyer paid for the real property.

### **For buyers engaging in this activity, the following disclosures will be required:**

- a. The nature of the buyer’s equitable interest to subsequent purchasers (letting subsequent purchasers know they are not the actual owner of the property);
- b. The buyer’s intent to market its equitable interest prior to the execution of the contract; **and**
- c. The effective date of any assignment of the buyer’s interest at least three business days prior to the effective date of any assignment.

### **Why is this legislation needed?**

Disclosures are essential in the context of wholesaling real property to ensure that consumers—whether they are buyers or sellers—have the necessary information to make informed decisions. Real estate transactions, especially wholesaling, can attract unscrupulous practices *if* transparency is lacking. Requiring these disclosures will help prevent fraud or deceptive practices by ensuring that both parties are fully aware of the wholesaler’s legal standing and intent.

There is a two year statute of limitations included in the bill.

Tennessee REALTORS® is working on making these disclosures available in our forms library.