

For Immediate Release
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June is National Homeownership Month

Protect Yourself from Illegal Buying and Selling

(COLUMBUS, Ohio) – As more Ohioans buy and sell property in this prosperous housing market, it is important people protect themselves from illegal practices such as unlicensed real estate activity and unlicensed property management.

Beware of seminars that may teach unlicensed activity

Some real estate seminars may provide instruction on wholesaling and option purchase contracts advertised as ways to “tie up the real property,” or “invest in real estate without using your own money.” These schemes include putting a house in contract until a buyer is found or for the purpose of reselling the property. This type of activity is considered unlawful in Ohio.

The instructors tell attendees they can place a property in contract or an option to purchase, at which time the attendee can then market and resell the property for a profit – all with little or no financial outlay. The instructors also advise attendees to bring buyers and sellers together using an “assignable contract” for a fee.

What can happen in these situations is a buyer (buyer #1) will put an offer on a home but put little-to-no money down on the property. Buyer #1 then lines up another buyer (buyer #2). Buyer #2 actually pays for the home on closing day, and buyer #1 walks away with the difference. The seller may never be aware a buyer was willing to pay more money for their property. On top of that, if the home is sold at a loss, the seller could be expected to pay on the loss as taxable income.

“This is a no-win situation. Oftentimes, seminar attendees are unaware this practice is illegal, and they could face penalties for unlicensed activity,” said Anne Petit, superintendent of the Division Real Estate & Professional Licensing. “It also keeps buyers, sellers, and usually, lenders, in the dark. This can be detrimental to the entire real estate industry. When you’re buying or selling a home, you want to be able to trust the individuals working with you, not worry about what they could be keeping from you.”

Property management requires a license in Ohio

When hiring someone to manage owned real estate, Ohioans must ensure the individual or entity is an actively licensed real estate agent or company. The licensee must run all property management services through the licensed real estate company where their license is affiliated. This can include renting or selling property or negotiating leases.

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Consumers should check with the Division to see if the individual he/she is working with is licensed before engaging in any contract or agreement. Check to see if someone is licensed [here](#).

Licensees, or anyone interested in getting involved with the real estate profession, should be familiar with the requirements for licensure and can check with the Division if any questions arise.

Anyone who suspects unlicensed activity is occurring can report it to the Division by calling 614-466-4100.

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