



Testimony of Matthew Netto, AARP Rhode Island
In support of House Bill 7840
 House Corporations Committee
 April 28, 2026

Chairman Solomon and members of the House Corporations Committee:

AARP is a nonpartisan, social mission organization with 38 million members nationwide and nearly 125,000 members here in Rhode Island. We advocate on behalf of issues that impact older adults, and we appreciate the opportunity to offer our support for requiring any person in the business of selling, assigning or buying an equitable interest in real estate without taking legal title to such property, to be licensed as a real estate broker or salesperson and to comply with the disclosure requirements, as Representative DeSimone’s House Bill 7840 does.

Residential real estate wholesaling involves three parties: the seller, the wholesaler, and the investor. Most commonly, the wholesaler enters into a purchase contract with a home seller in an off-market setting, commonly at a sale price below market value. The wholesaler then sells the contract to an investor for a higher price than the amount in the purchase contract.¹

A purchase contract is a legally binding agreement between a buyer and a seller that outlines the terms and conditions of a property sale, including the price, closing date, and any contingencies. In wholesaling, the wholesaler secures this contract with the seller and then assigns it to an investor buyer, typically for a fee.



Source: Econsult Solutions, Inc. (2025)

The practice of residential real estate wholesaling largely targets low-income property owners in neighborhoods with rapidly escalating housing costs to ensure scalable profits and a low-cost entry into the neighborhood for the investor, to the detriment of property owners who do not recognize the full or future value of their home. Overall, the lack of regulatory oversight has created space for bad actors to exploit vulnerable homeowners and siphon equity from groups that are commonly

¹ <https://www.parealtors.org/resources/wholesaling-overview>

discriminated against. This aspect of residential wholesaling can easily become predatory and is why the industry is often said to be unethical.

Another predatory behavior of real estate wholesalers is the targeted solicitation of homeowners in low-income neighborhoods. Residents in these neighborhoods are less likely to conduct sales through a real estate agent and list their homes on a multiple-listing service (MLS), practices that are essential for maximizing the sale price of the home. There are valid reasons why some homeowners prefer to sell to a wholesaler rather than through an agent: Their home’s value may be too low to attract agent interest or they may be unable to afford the transaction costs associated with a traditional sale.

Seller Group	Median Sale Price Difference for Off-MLS Sales vs. On-MLS Sales (Dollar Value Difference)	Median Sale Price Difference for Off-MLS Sales vs. On-MLS Sales (Percentage Difference)
All Home Sellers	-\$4,975	-1.5%
Sellers in majority White neighborhoods	-\$3,694	-1.2%
Sellers in majority Black neighborhoods	-\$5,576	-3.1%
Sellers in majority Hispanic neighborhoods	-\$13,728	-4.0%

Source: Zillow (2025)

However, wholesalers often employ aggressive tactics—including repeated phone calls, texts, mailers, and unannounced visits—designed to pressure homeowners into signing a contract before they’ve had a chance to weigh their options. When concentrated in neighborhoods where homeowners with low incomes live—where home equity may represent a family’s primary or only financial asset—these tactics can be especially harmful and exploitative.²

The practice of residential wholesaling is fundamentally different from flipping houses, which requires making a downpayment, securing a loan, and typically investing in renovations before the house can be sold for a profit above the purchase price.³ Residential wholesalers take on far less risk, as they only need to put down a deposit on the purchase contract, rather than paying the full value of the home. Generally, the amount of this deposit is negotiable, but usually represents 1 to 2 percent of the

² <https://www.aarp.org/content/dam/aarp/money/scams-and-fraud/2026/legislative-guide-to-residential-real-estate-wholesaling-022026.pdf>

³ <https://www.investopedia.com/articles/mortgages-real-estate/08/house-flip.asp>



overall purchase price.⁴

Real estate wholesalers are known to target older adults, who are more likely to sell below market value—particularly those with serious medical issues and those who need to move quickly because their current home is no longer suitable. Marketing strategies that target this population include in-person solicitations and location specific online ads targeted to nursing homes and rehabilitation hospitals. Wholesalers have even been known to befriend older adults living alone, running errands for them and bringing dinner, pushing for a sale the whole time.

These predatory tactics pose a serious threat to the financial security of older adults. Around 75 percent of Social Security beneficiaries cease working after claiming their benefits, and nearly 40 percent of the 65-plus population depends solely on Social Security as an income source. This reliance on fixed income means that home equity often represents the only financial cushion for older adults, 78 percent of whom own their home. Selling a property significantly below market value can leave homeowners—regardless of age—without the assets needed to live their daily lives and without a stable housing option.⁵

AARP supports House Bill 7840 as is but also encourages the committee to look at ways to strengthen the protection this bill will offer.

- There is no requirement in the bill for (1) State-provided consumer education materials; (2) Mandatory counseling or legal review for certain populations who are the target of the wholesalers (e.g., older adults, first-time sellers); (3) Distribution of state-approved notices or “Know Your Rights” pamphlets.
- Three business days for cooling off period is a short span of time for someone who is taking a decision on one of the most important assets of their lives. Also, “3 business days excluding weekends and federal/state holidays” is clear, however, the legislature might want explicit start/stop triggers (e.g., “from receipt of signed contract and state-provided notice”)
- As mentioned above, three business days as cooling off period of a short time for any person, the bill does not include enhanced protections for older adults or those at risk of predatory practices, such as: (1) Longer cancellation periods; (2) Mandatory 3rd party review or opinion about the transaction; (3) Restrictions on door-to-door solicitation.
- The bill does not address: (1) Misleading advertising by wholesalers; (2) Use of “We Buy Houses” signs or other aggressive marketing tactics; (3) Requirements for transparency in marketing materials.
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⁴ <https://www.foresightproperties.net/blog/unveiling-earnest-money-deposits-emd-the-real-estate-wholesalers-starter-guide>

⁵ <https://www.aarp.org/content/dam/aarp/money/scams-and-fraud/2026/legislative-guide-to-residential-real-estate-wholesaling-022026.pdf>



- Penalties exist, but the bill doesn't specify administrative enforcement (e.g., Department of Business Regulation complaint process), AG authority, or private right of action with attorney's fees—all of which could strengthen deterrence.

AARP has prioritized housing affordability, accessibility, and stability as part of its effort to support community well-being. Unregulated residential wholesaling can negatively impact housing stability, particularly in households with low income and older adults. Overall, the lack of regulatory oversight has created space for bad actors to exploit vulnerable homeowners and siphon equity from groups that are commonly discriminated against.

For these reasons, AARP urges you to review our proposed amendments and then take immediate action and pass House Bill 7840. Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink that reads "Matt R Netto".

Matthew Netto
Associate State Director-AARP Rhode Island