

SUMMARY OF HB586

Requires wholesalers to disclose to any purchaser or assignee that the wholesaler is not the deedholder and is only offering to sell an equitable interest. (lines 155-159)

Requires wholesalers to disclose to the deedholder selling the property the wholesaler's intent to market or assign the equitable interest in the property prior to marketing it. (line 160-163)

Requires wholesalers' purchase agreements with deedholders to contain a fixed closing date with no automatic extension. (lines 168-169)

Lines 177-182 are going to be amended. The amendment will subject wholesalers in violation of the disclosure requirements to be subject to criminal penalties, civil fines, and penalties by the Alabama Securities Commission, as well as licensing penalties enforced by the Alabama Real Estate Commission.

Exempts predevelopment activity for residential subdivisions, condominiums, or other residential predevelopment activity from the disclosure requirements. (lines 190-192)

Defines "equitable interest" as any interest or right in a contract or agreement to purchase residential real estate held by a party to that contract or agreement. (lines 303-305)

Defines "net listing agreement" as an agreement that stipulates a net price to be received by the owner, with the excess due to be received by licensee as the commission. (lines 323-325)

Defines "real estate wholesaling" as the practice of assigning or marketing the assignment of an equitable interest for profit. (lines 363-364) (lines 727-729)

Defines "residential" as real property located in this state which is used primarily for a dwelling and contains 1 to 4 dwelling units. (lines 367-369)

Eliminates the loophole that allows wholesalers to operate without a license, requiring them to obtain a real estate license from the Alabama Real Estate Commission. The licensing requirement does not apply to wholesalers selling to a spouse, child, or parent, and it does not apply to wholesalers selling property in a predevelopment stage. (lines 383-384)

Distinguishes net listing agreements from wholesaling agreements. (lines 572-575)

Creates a license law violation for failure to provide the above-mentioned disclosures. (lines 619-621)

Provides the Real Estate Commission with the authority to refer license-law violations to the Securities Commission for the purpose of enjoining illegal actions. (line 626)

Allows the Real Estate Commission to refer matters involving wholesaling to the Securities Commission for investigation and adjudication. (lines 673-675)

Defines numerous terms related to investment-oriented real property solicitation, which will be regulated by the Securities Commission. (lines 701-756)

Grants the Securities Commission authority to regulate investment-oriented real estate solicitations, recorded service agreements, unfair service agreements, unsolicited offers, and related practices. (lines 761-764) This authority extends to rule-making authority, which includes creation of a consumer complaint hotline, licensing process, and other administrative functions. (lines 770-806)

Gives the Real Estate Commission and the Securities Commission concurrent authority to regulate wholesaling. (lines 766-769)

Allows the Securities Commission to administer fines for violations within this section up to \$100,000 per violation, provided that the aggregate penalty cannot exceed \$10,000,000. (lines 834-840)

Requires investment-oriented, unsolicited offers to purchase property, to contain disclosures that (a) the offer may be below fair market value, (b) the owner should seek guidance from a licensed real estate agent or attorney of choice, (c) the owner has no obligation or duty to respond to the solicitation, and (d) the property owner may contact the Securities Commission to verify the offerors identity and license status. (Lines 895 - 911)

Gives a 7-day rescission period to an unrepresented seller who has entered a contract because of an unsolicited offer. (lines 914 - 966)

This act shall become effective October 1, 2026.