

Submitter: Joyce DeMonnin
On Behalf Of: Ann McQueen
Committee: Senate Committee On Housing and Development
Measure: HB4058

February 17, 2004

TO: Chair Dexter, Vice-Chairs Breese-Iverson and Gamba, and Members of the House Committee on Housing and Homelessness

Re: Support of HB 4058, which will regulate residential property wholesaling, prohibit long-term predatory “future right to list” contracts, and require real estate agents to use written representation agreements for their services.

The Oregon Gerontological Association is comprised of hundreds of students and professionals in the fields of aging, and older adults. We cultivate a network of all those involved in the fields of aging to improve the lives of older adults and those who support them in Oregon and SW Washington.

Several real estate companies have been using a predatory business model to target seniors and financially insecure homeowners. These companies cold call people providing cash payments, typically between \$300-\$3,000 to homeowners in exchange for agreeing to exclusively utilize that company’s services to list their property at any time in the next 40 years. The property owner agrees by signing a contract which includes a memorandum that is filed with the county as a lien on the property’s title.

The contract is binding on current homeowners and property heirs and the lien complicates the homeowner’s ability to refinance, access home equity, or transfer their property. Property owners can terminate agreements early but must pay a penalty equal to 3% of the market value of the property (i.e., the commission the company would have earned for listing the home) and the company gets to determine the home’s value pursuant to the contract.

AARP found that in Oregon over 500 recorded liens have been made on property because of this practice.

Older persons in Oregon are particular targets and vulnerable to fraud of all types. Fraudsters exploit cognitive decline, isolation, loneliness and trusting dispositions. The real estate fraud and scam list is long: property flipping scams, home equity theft, foreclosure rescue scams, deed theft, phony real estate investment and home improvement and rental scams. Future right to list is the latest.

The aging of the Oregon population means more and more older persons will become targets and victims of these predatory efforts. There are often financial pressures on older persons to pay for medications, food and the increasing costs of living; so they are in jeopardy. Many of the elderly are simply not aware of the number of and types of sophisticated financial schemes that are circulating in a community.

Please vote YES on HB 4058.

Sincerely,

Ann McQueen
OGA President