

United States Senate

WASHINGTON, DC 20510

December 16, 2024

Jarred Kessler
Founder and Chief Executive Officer
EasyKnock, Inc.
111 W 33rd St. #1901
New York, NY 10120

Dear Mr. Kessler:

In the aftermath of your company's recent closure,¹ we write to seek information on EasyKnock's business practices and the disposition of contracts and agreements from the company's residential sale-leaseback program "Sell & Stay." Under "Sell & Stay," EasyKnock purchased homes from financially distressed homeowners, promising they would "[r]eceive 100% of [their] home's value without having to move."² However, consumer lawsuits and multiple state attorneys general have alleged that EasyKnock's deceptive advertising and business practices often left former homeowners far worse off than they were before the company found them, causing homeowners to lose cherished family homes and much of the equity they originally had in them.³ With 43 percent of new homeowners now struggling to afford mortgage payments across the country,⁴ we are deeply concerned about EasyKnock's lasting impact on vulnerable homeowners, including homeowners with pending residential sale-leaseback agreements with your company, and the extent to which the company will be handling these agreements in the wake of its abrupt closure earlier this month.⁵

The "Sell & Stay" program was one of two sale-leaseback arrangements offered by EasyKnock. Under the program, EasyKnock represented to homeowners that if they sold their homes to EasyKnock, homeowners could stay on as renters for up to five years and convert their home

¹ NPR, "A company that turned homeowners into renters abruptly shuts down," Caitlin Thompson, December 6, 2024, <https://www.npr.org/2024/12/06/nx-s1-5218625/sale-leaseback-rent-mortgage-easyknock>.

² EasyKnock, "It's your equity. Why is a lender telling you "no"?", <https://qualify.easyknock.com/>; NPR, "Sale-leasebacks' offer to help homeowners needing cash. Some lose thousands," Caitlin Thompson, June 18, 2024, <https://www.npr.org/2024/06/18/nx-s1-4851871/sale-leaseback-company-easyknock-cash>; Letter from State of Michigan Department of Attorney General Dana Nessel to EasyKnock, Inc., May 20, 2024, <https://www.michigan.gov/ag/-/media/Project/Websites/AG/releases/2024/May/EasyKnock---Notice-of-Intended-Action.pdf>.

³ HousingWire, "EasyKnock faces consumer lawsuits and actions from state regulators," Brooklee Han, July 9, 2024, <https://www.housingwire.com/articles/easyknock-faces-consumer-lawsuits-and-actions-from-state-regulators/>; NPR, "Sale-leasebacks' offer to help homeowners needing cash. Some lose thousands," Caitlin Thompson, June 18, 2024, <https://www.npr.org/2024/06/18/nx-s1-4851871/sale-leaseback-company-easyknock-cash>.

⁴ National Mortgage Professional, "43% of New Homeowners Struggle to Make Mortgage Payments," Katie Jensen, May 14, 2024, <https://nationalmortgageprofessional.com/news/43-new-homeowners-struggle-make-mortgage-payments#:~:text=Since%20buying%2C%2043%25%20of%20new,survey%20from%20Clever%20Real%20Estate>.

⁵ NPR, "A company that turned homeowners into renters abruptly shuts down," Caitlin Thompson, December 6, 2024, <https://www.npr.org/2024/12/06/nx-s1-5218625/sale-leaseback-rent-mortgage-easyknock>.

equity into cash.⁶ Once the homeowner agreed, EasyKnock bought the home for its appraised value, promising to give homeowners 100 percent of that value back.⁷ According to the stated agreement terms, largely, these homeowners-turned-renters could eventually choose to either repurchase the home from EasyKnock or direct EasyKnock to sell the home on their behalf.⁸

However, according to numerous consumer protection lawsuits across the country, EasyKnock failed financially distressed homeowners.⁹ EasyKnock allegedly obscured the terms of sale-leaseback agreements with misleading loan terminology to contract with customers who lacked a thorough understanding of the arrangements.¹⁰ In practice, EasyKnock customers rarely received anything close to the full market values of their homes, as “EasyKnock set[] the purchase price and recoup[ed] what it [wa]s owed before anything [wa]s distributed to the homeowner,” yet little information was provided to customers regarding how EasyKnock determined the amount owed.¹¹ Additional tactics, such as consistent rent increases in spite of a lack of improvements to the property, strategically placed customers in financial positions where they could no longer repurchase their homes.¹² In fact, EasyKnock *celebrated* the fact that a mere 20 percent of the company’s clients in Texas successfully repurchased their homes.¹³

Rent increases, coupled with EasyKnock charging additional repair fees to tenants, exacerbated customers’ financial vulnerability, making it increasingly difficult for customers to regain financial stability.¹⁴ And for some, rent to EasyKnock was more expensive than their mortgage payments, leaving tenants vulnerable to eviction and—in one instance in Texas—owing EasyKnock nearly \$30,000 in back rent and fees after the sale of their home to a third party.¹⁵ In many cases, EasyKnock appeared to be doing little to help consumers – indeed, it appeared to be profiting off of and financially harming homeowners in distress.¹⁶

⁶ NPR, “‘Sale-leasebacks’ offer to help homeowners needing cash. Some lose thousands,” Caitlin Thompson, June 18, 2024, <https://www.npr.org/2024/06/18/nx-s1-4851871/sale-leaseback-company-easyknock-cash>; Michigan Department of Attorney General, “AG Nessel Takes Action Against EasyKnock For Deceptive Business Practices,” press release, May 22, 2024, <https://www.michigan.gov/ag/news/press-releases/2024/05/22/ag-nessel-takes-action-against-easyknock-for-deceptive-business-practices>; EasyKnock, “Sell & Stay,” <https://web.archive.org/web/20240901113007/https://www.easyknock.com/programs/sellstay>; EasyKnock, “It’s your equity. Why is a lender telling you “no”?”, <https://qualify.easyknock.com/>.

⁷ *Id.*

⁸ *Id.*

⁹ HousingWire, “EasyKnock faces consumer lawsuits and actions from state regulators,” Brooklee Han, July 9, 2024, <https://www.housingwire.com/articles/easyknock-faces-consumer-lawsuits-and-actions-from-state-regulators/>; NPR, “‘Sale-leasebacks’ offer to help homeowners needing cash. Some lose thousands,” Caitlin Thompson, June 18, 2024, <https://www.npr.org/2024/06/18/nx-s1-4851871/sale-leaseback-company-easyknock-cash>.

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*; In re EasyKnock, Inc. Settlement Agreement pp. 7, 10 [On file with the Office of Senator Elizabeth Warren].

¹³ NPR, “‘Sale-leasebacks’ offer to help homeowners needing cash. Some lose thousands,” Caitlin Thompson, June 18, 2024, <https://www.npr.org/2024/06/18/nx-s1-4851871/sale-leaseback-company-easyknock-cash>.

¹⁴ *Id.*; In re EasyKnock, Inc. Settlement Agreement pp. 6-7 [On file with the Office of Senator Elizabeth Warren].

¹⁵ NPR, “‘Sale-leasebacks’ offer to help homeowners needing cash. Some lose thousands,” Caitlin Thompson, June 18, 2024, <https://www.npr.org/2024/06/18/nx-s1-4851871/sale-leaseback-company-easyknock-cash>.

¹⁶ *Id.*

In December 2023, the Massachusetts Attorney General’s Office entered into a settlement with EasyKnock regarding the company’s alleged “deceptive practices” that robbed homeowners of their home equity.¹⁷ The attorney general’s most alarming findings included:

- EasyKnock published “online advertisements that used loan-like language and failed to adequately disclose that the company’s products require the consumer to sell their home.”¹⁸
- EasyKnock “deceived consumers about market rent and engaged in bait-and-switch tactics,” making last-minute changes to contract terms to the consumer’s detriment.¹⁹
- EasyKnock pocketed funds that were being withheld from consumers for the completion of home repairs.²⁰
- EasyKnock charged tenants excessive fees, including: upfront fees and deposits well above the legal maximum in Massachusetts, the cost of home repairs, water costs, and late fees prior to the expiration of the tenant’s 30-day grace period following due date.²¹

In the settlement, EasyKnock agreed to permanently halt sale-leasebacks in Massachusetts and make changes to its business practices, such as making “any and all repairs and maintenance required under the warranty of habitability,” not charging “any interest or penalty for failure to pay rent until thirty days after such rent shall have been due,” and not charging tenants for water usage.²²

Notwithstanding the Massachusetts Attorney General’s settlement, lawsuits against EasyKnock continued to pile up across the nation. Consumer lawsuits are pending in Texas, Maryland, South Carolina, Pennsylvania, and Ohio, while state regulators in Michigan and Connecticut have joined Massachusetts in launching investigations.²³ Across America, the allegations against

¹⁷ HousingWire, “EasyKnock faces consumer lawsuits and actions from state regulators,” Brooklee Han, July 9, 2024, <https://www.housingwire.com/articles/easyknock-faces-consumer-lawsuits-and-actions-from-state-regulators/>.

¹⁸ In re EasyKnock, Inc. Settlement Agreement, December 5, 2023, pp. 4-5, [On file with the Office of Senator Elizabeth Warren]; HousingWire, “EasyKnock under fire for “deceptive” sale-leaseback practices in Massachusetts,” Brooklee Han, December 11, 2023, <https://www.housingwire.com/articles/easyknock-under-fire-for-deceptive-sale-leaseback-practices-in-massachusetts/>.

¹⁹ In re EasyKnock, Inc. Settlement Agreement, December 5, 2023, p. 6, [On file with the Office of Senator Elizabeth Warren]; HousingWire, “EasyKnock under fire for “deceptive” sale-leaseback practices in Massachusetts,” Brooklee Han, December 11, 2023, <https://www.housingwire.com/articles/easyknock-under-fire-for-deceptive-sale-leaseback-practices-in-massachusetts/>.

²⁰ In re EasyKnock, Inc. Settlement Agreement, December 5, 2023, p. 9, [On file with the Office of Senator Elizabeth Warren].

²¹ *Id.* at pp. 6-7; HousingWire, “EasyKnock under fire for “deceptive” sale-leaseback practices in Massachusetts,” Brooklee Han, December 11, 2023, <https://www.housingwire.com/articles/easyknock-under-fire-for-deceptive-sale-leaseback-practices-in-massachusetts/>.

²² In re EasyKnock, Inc. Settlement Agreement, December 5, 2023, pp. 8-11, [On file with the Office of Senator Elizabeth Warren]; Real Estate News, “EasyKnock accused of deceptive practices, hit with fine,” AJ LaTrace, December 12, 2023, <https://www.realestatenews.com/2023/12/12/easyknock-accused-of-deceptive-practices-hit-with-fine>; HousingWire, “EasyKnock under fire for “deceptive” sale-leaseback practices in Massachusetts,” Brooklee Han, December 11, 2023, <https://www.housingwire.com/articles/easyknock-under-fire-for-deceptive-sale-leaseback-practices-in-massachusetts/>.

²³ HousingWire, “EasyKnock faces consumer lawsuits and actions from state regulators,” Brooklee Han, July 9, 2024, <https://www.housingwire.com/articles/easyknock-faces-consumer-lawsuits-and-actions-from-state-regulators/>.

EasyKnock followed a similar pattern: EasyKnock made misleading statements about services to entrap vulnerable homeowners only to break its promises at the expense of working families.²⁴

On December 5, 2024, EasyKnock shut down, writing on its website: “After many years of serving consumers, EasyKnock has closed its doors. We are deeply grateful for the trust placed in us to be part of the financial journey of so many. While EasyKnock may no longer be around, arrangements have been made to ensure continued services for our customers.”²⁵ EasyKnock’s decision to “shut down” raises even more questions about how it will handle ongoing agreements and properly compensate homeowners who were negatively affected by the company’s actions.²⁶ According to public reports, customers, shocked and confused by the news, were given little explanation of the closure, with one customer reporting that she was notified that a company called NESE Property Management now manages her home.²⁷

Given our concerns about EasyKnock’s past business practices and its abrupt closure, we request that you provide the following information by December 30, 2024:

1. Please provide information on the total number of homeowners that entered into sale-leaseback agreements with EasyKnock, both nationally and by state, for each of the last five years.
2. Please provide details on any and all instances of state and local authorities issuing warnings and/or imposing penalties against EasyKnock due to violations of landlord-tenant laws.
3. EasyKnock advertised that the customer, acting as the seller, was responsible for both the buyer’s and the seller’s closing costs, a practice that is atypical in a traditional sale of a residential home. Please explain the logic behind making homeowners “responsible for both the buyer’s and seller’s closing costs.”²⁸
 - a. What kind of repair fees, maintenance fees, processing fees and/or other fees did EasyKnock collect from its customers?
4. What percentage of people using EasyKnock’s “Sell & Stay” program repurchased their homes within the first 12 months of their lease? What percentage of people repurchased their homes at the five-year mark of the sale-leaseback agreements?

²⁴ Michigan Department of Attorney General, “AG Nessel Takes Action Against EasyKnock For Deceptive Business Practices,” press release, May 22, 2024, <https://www.michigan.gov/ag/news/press-releases/2024/05/22/ag-nessel-takes-action-against-easyknock-for-deceptive-business-practices>; Real Estate News, “Lawsuits pile up against EasyKnock,” AJ LaTrace, July 1, 2024, <https://www.realestatenews.com/2024/07/01/lawsuits-pile-up-against-easyknock>.

²⁵ EasyKnock, <https://www.easyknock.com/>; NPR, “A company that turned homeowners into renters abruptly shuts down,” Caitlin Thompson, December 6, 2024, <https://www.npr.org/2024/12/06/nx-s1-5218625/sale-leaseback-rent-mortgage-easyknock>.

²⁶ *Id.*; HousingWire, “EasyKnock faces consumer lawsuits and actions from state regulators,” Brooklee Han, July 9, 2024, <https://www.housingwire.com/articles/easyknock-faces-consumer-lawsuits-and-actions-from-state-regulators/>; NPR, “Sale-leasebacks' offer to help homeowners needing cash. Some lose thousands,” Caitlin Thompson, June 18, 2024, <https://www.npr.org/2024/06/18/nx-s1-4851871/sale-leaseback-company-easyknock-cash>.

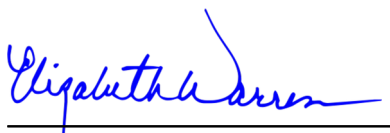
²⁷ NPR, “A company that turned homeowners into renters abruptly shuts down,” Caitlin Thompson, December 6, 2024, <https://www.npr.org/2024/12/06/nx-s1-5218625/sale-leaseback-rent-mortgage-easyknock>.

²⁸ EasyKnock, “FAQ,” <https://web.archive.org/web/20240906012626/https://www.easyknock.com/faqs#Pricing-and-Fees>.

5. What percentage of homes in EasyKnock’s “Sell & Stay” program were sold to third parties within the first 12 months of the homeowner’s lease? What percentage of homes were sold to third parties at the five-year mark of the sale-leaseback agreements?
6. In each of the last five years, how many homeowners turned renters has EasyKnock evicted?
7. What was EasyKnock’s annual gross profit margin from 2016 to 2024? What was the CEO’s annual compensation from 2016 to 2024?
8. Please explain what factors motivated EasyKnock’s sudden decision to shut down.
 - a. How does EasyKnock plan to compensate consumers impacted by this closure?
9. Will NESE Property Management now manage all of EasyKnock’s sale-leaseback agreements?²⁹
 - a. It appears that EasyKnock and NESE Property Management share the same P.O. Box address and that the phone number listed on NESE’s website is associated with EasyKnock.³⁰ Please explain what relationship EasyKnock has with NESE Property Management. Do the companies have any executives or key officers in common?
 - b. Will NESE Property Management oversee all properties contracted through EasyKnock’s sale-leaseback agreements?
 - c. How will this transition impact customers?
 - d. How will this transition impact pending consumer lawsuits?
 - e. What is the exact nature of the agreement between EasyKnock and NESE Property Management? For example, is NESE being paid by EasyKnock to manage these contracts? Did NESE purchase these contracts from EasyKnock?

Thank you for your attention to this important matter.

Sincerely,



Elizabeth Warren
United States Senator



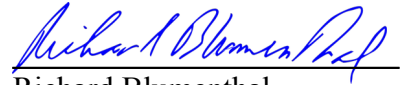
Chris Van Hollen
United States Senator

²⁹ NPR, “A company that turned homeowners into renters abruptly shuts down,” Caitlin Thompson, December 6, 2024, <https://www.npr.org/2024/12/06/nx-s1-5218625/sale-leaseback-rent-mortgage-easyknock>.

³⁰ NESE Property Management, “Contact Us,” <https://www.nesepm.com/>; EasyKnock, “Privacy Policy,” <https://web.archive.org/web/20240905225058/https://www.easyknock.com/privacy>; Adapt, “EasyKnock - Overview, Decision Makers & Competitors,” <https://www.adapt.io/company/easyknock-2>.



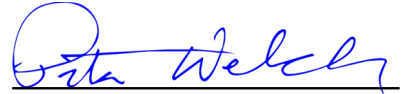
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Richard Blumenthal
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Christopher S. Murphy
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