



**OHIO REAL ESTATE INVESTORS ASSOCIATION
GOVERNMENT AFFAIRS COMMITTEE**

TO SUPPORT GOOD GOVERNMENT THAT IMPACTS THE PROFESSIONAL INVESTMENT
PROPERTY INDUSTRY AT STATE AND LOCAL LEVELS.

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House Bill 67 Proponent Testimony

House Financial Institutions, Housing and Urban Development Committee

March 28, 2017

Chairman Dever, Vice Chairman Sprague, Ranking Member Smith and members of the committee, my name is Dan Acton and I am the Government Affairs Director of the Ohio Real Estate Investors Association (OREIA). OREIA represents 12 local chapters across Ohio whose membership consists of the smaller real estate investors and housing providers who typically own single family housing units. My background has been more than 30 years in the property management and ownership industry. I am providing a brief statement of support on House Bill 67.

OREIA appreciates the effort of Representative Young to bring this issue to our attention and for consideration to you and your colleagues. In my role, I have reached out to the leadership of my organization for feedback as to whether these tactics have been used against our members. The President of my Association shared that he knows of two instances where the lender, both the same Columbus-based bank, called in their loans. One customer spent three years fighting and ended up basically settling to their benefit, but incurred three years of legal fees. The second was one of his employees who basically got blasted by this and has ended up tragically having his wages garnished for more time that he will be working.

The idea that a business loan could be called without notice to the borrower and when the loan is not in default is ludicrous. We have discussed and provided feedback with the sponsor on the substitute bill before the committee and believe that the changes proposed are fair and will assist borrowers who are otherwise at the mercy of the lender. The current process does not afford immediate due process to prove that the loan is still in good standing, except it forces the borrower to go to court to appeal the decision of the lender, instead of working directly with the lender to resolve any issue.

Allow me to share a little about a typical investor. Our members in many instances own a portfolio of properties, sometimes as few as 3-4 and as many as over 200.



The properties are typically single family homes, up to quads and sometimes smaller apartment buildings, with a few owning some commercial investments. There are a variety of loans that are taken out on properties. Many times, an investor will take equity from one property to assist in making repairs to other investment properties. Having stability in our lending documents is critical to the success of our businesses and the stability of our properties. If a loan is called without just cause, i.e. default, the trickle-down effect could be disastrous. Many owners would not have the reserves to pay the loan in full and could risk the properties going into foreclosure, causing a further chain reaction of tenants to be made homeless for no action of their own.

Let me be clear that OREIA does not want to protect investors who are not prudent with their lending practices or treat the investments as a private bank account leaving the properties vulnerable to default. We support this bill because we want you to understand that investors operate on razor thin profit margins for a property. An unexpected repair, a tenant who does not pay rent, terminates a lease early or vacates without notice, unpaid water bills, or any layering of government fees that we are subjected to reduce the profits for a property owner that could otherwise be used to reduce the overall debt on the portfolio. Also, we know that lending has been tight in the past decade and these clauses are in loans that our members utilize. Investors have had trouble getting financing and had to take the terms of a loan package that were presented to them by lenders to get the capital needed for repairs.

OREIA believes the changes before you in the -6 version of the bill are prudent and necessary changes that will protect investors and their tenants. Again, thank you to Representative Young for sponsoring this bill. OREIA urges members of this committee to working to protect property investors who may be caught up in this type of situation.

Thank you for the opportunity to provide input.