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Testimony in Support of HB 103
Megan O'Dell, Attorney
Ohio Poverty Law Center
House Civil Justice Committee
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Chair Hambley, Vice Chair Patton, Ranking Minority Member Brown, and members of the House Civil Justice Committee, my name is Megan O'Dell, and I am an attorney at the Ohio Poverty Law Center. The Ohio Poverty Law Center advocates for evidence-based policies that protect and expand the rights of low-income Ohioans. We are a non-profit law firm working closely with Ohio's legal aid community serving Ohioans who are living, working, and raising their families in poverty. Thank you for the opportunity to provide testimony in support of House Bill 103.

Although land installment contracts are meant to be an alternative for home ownership for those who are unable to finance a loan through a bank, land installment contracts are used in a predatory way. During the foreclosure crisis, many investment firms purchased thousands of homes throughout the country, many of which were uninhabitable and blighted, and targeted low-income communities and marginalized populations with the promise of home ownership. Unaware buyers were forced to spend thousands of dollars bringing their home into compliance or risk penalties from their local code enforcement. Because low-income individuals cannot afford to bring their home into compliance, they are forced out through eviction and lose all equity in their property even after making consistent payments to the seller. House Bill 103 would address this issue by requiring an independent appraisal of the property and by requiring the seller to make all necessary repairs to the property, bringing the property into compliance with building code before entering into a land installment contract with the buyer.

Even when buyers satisfy their payments, the lack of requirements to disclose legal information about the property can force a buyer out of their home. Many examples can be found throughout the state. One Legal Aid Society of Columbus client purchased a home through a land installment contract, and the seller had a mortgage on the property that was not disclosed. The seller failed to use the contract payments to pay the mortgage and filed bankruptcy. The client made on time payments to the seller for several years and made many improvements to the home but will likely be forced out when the bank files a foreclosure on the home due to the bankruptcy. House Bill 103 would resolve this issue, as it would prohibit a seller from holding a mortgage on the home upon entering into a land installment contract.

Another Legal Aid Society of Columbus client purchased a home in 2011 through a land installment contract. The seller failed to disclose that she had title pursuant to a transfer on death deed that transferred the property to three people. None of the other beneficiaries were included in the contract. The client paid off the entirety of her balance, \$40,000, and came to Legal Aid to pursue a quiet title action. Due to the other beneficiaries on the mortgage, the buyer was unable to obtain title to

her home. Again, House Bill 103 would have prevented this situation from occurring and would provide a remedy to this buyer if it did occur. House Bill 103 requires that the seller has responsibility for all taxes, assessments and other charges against the property and specifies damages and injunctive relief a court must award when a buyer does not comply with the law.

These are just a couple examples of how the lack of regulations on land installment contracts are severely affecting Ohioans. Through no fault of their own, these Ohioans were unable to achieve home ownership. Because of the lack of protections in state law for buyers entering into land installment contracts, municipalities in Ohio have taken action. Cincinnati and Youngstown, both areas where land installment contracts are negatively affecting communities, have passed city ordinances addressing the terms of the contract and habitability of the property. These cities understand that the current land installment contract law does not create a path to stable home ownership. Fortunately, House Bill 103 would resolve these issues and offer an opportunity to home ownership for individuals who would traditionally be unable to get there. Thank you for providing the opportunity to testify in support of House Bill 103.