

WITNESS INFORMATION FORM

Please complete the Witness Information Form before testifying:

Date: May 20, 2019

Name: Stephanie Moes

Are you representing: Yourself _____ Organization

Organization (If Applicable): Legal Aid Society of Southwest Ohio, LLC

Position/Title: Managing Attorney

Address: 215 E. Ninth Street, Suite 500

City: Cincinnati State: OH Zip: 45202

Best Contact Telephone: 513-326-2807 Email: smoes@lascinti.org

Do you wish to be added to the committee notice email distribution list? Yes _____ No _____

Business before the committee

Legislation (Bill/Resolution Number): HB103

Specific Issue: _____

Are you testifying as a: Proponent Opponent _____ Interested Party _____

Will you have a written statement, visual aids, or other material to distribute? Yes No _____

(If yes, please send an electronic version of the documents, if possible, to the Chair's office prior to committee. You may also submit hard copies to the Chair's staff prior to committee.)

How much time will your testimony require? N/A

Please provide a brief statement on your position:

Written Testimony in Support of HB 103.

Please be advised that this form and any materials (written or otherwise) submitted or presented to this committee are records that may be requested by the public and may be published online.

LEGAL AID SOCIETY OF SOUTHWEST OHIO, LLC

AN AFFILIATE OF THE LEGAL AID SOCIETY OF GREATER CINCINNATI

Legal Aid Society of Southwest Ohio, LLC
Written Testimony in Support of HB 103
House Civil Justice Committee
Tuesday, May 21, 2019
Contact: Stephanie Moes, smoes@lascinti.org

Chair Hambley, Vice Chair Patton, Ranking Minority Member Brown, and members of the House Civil Justice Committee, my name is Stephanie Moes, and I am a Managing Attorney with the Legal Aid Society of Southwest Ohio, LLC (“Legal Aid”), which is based in Cincinnati. Legal Aid is a non-profit law firm serving low-income Ohioans and we represent low-income purchasers of land installment contracts. Thank you for the opportunity to provide testimony in support of House Bill 103.

In the aftermath of the foreclosure crisis, Legal Aid has handled an increasing number of cases that involve land installment contracts for uninhabitable homes on predatory terms. These predatory products create an illusory promise of homeownership and actually put our clients in a worse position. In fact, in 2017, the City of Cincinnati sued two national firms, Harbour Portfolio Advisors and Vision Property Management, that have engaged in these types of transactions because of the harm caused to the community. We know, however, that these types of transactions are not limited to Cincinnati or urban areas. They operate throughout the state harming vulnerable members of our communities, including minority families and individuals with disabilities. We appreciate efforts from the state to address abuses from predatory contracts.

The central problem that we have seen with the resurgence of land installment contracts, especially from out-of-state large corporate investors, is that they involve the sale of totally uninhabitable homes where there is no reasonable chance that the buyer can make the home habitable. The repair issue is particularly problematic with land contracts because purchasers are in a netherworld. They do not have title ownership to properties under a land contract but are often stuck with obligations of homeownership, including repair and maintenance. Because they do not have title, they are often excluded from grants and other types of assistance that our clients could use to help with home repair. They are unable to take out loans to make the repairs, and it can also be difficult to find contractors willing to work for someone who is not the titled owner.

We have seen very awful conditions in properties sold on land installment contracts. We have represented people with homes that are missing all necessary systems (including electric, plumbing, and heating), that have major foundation issues, that have active vacate orders from the city government, and that have lead hazards. While it could be argued that the buyers should have known better than enter into these arrangements, we have consistently seen sellers take steps to prevent buyers from accessing and inspecting the homes before sale. Our clients’

chances of addressing these conditions are made worse by the awful credit terms these land installment contracts include. We have seen very high interest rates and inflated loan terms.

We at the Legal Aid Society of Southwest Ohio support HB 103 because it addresses the problems we have seen in our cases. Its provisions requiring habitability, inspection, and compliance with building codes will curb abuses we see in the market and ensure that purchasers will not be trapped in contracts for uninhabitable homes where there is no reasonable chance of making them habitable. We also support the limitations on the interest rate a land contract seller can charge and on the ability of land contract sellers to put liens and mortgages on property.

We believe there are additional issues to address. We support increased requirements on recording transfers of land contracts. Frequent changes in ownership also cause challenges. Recently, we have seen these properties change hands at an increased rate. These transfers are often not recorded in a timely fashion or at all. By failing to have an accurate public record, the purchasers and city officials are left in the dark about the true ownership of the property.

Moreover, we support further protection against forfeiture of land contracts, especially by purchasers who have invested a significant amount of money into their property. Current law does not directly address improvements in determining whether a contract should be subject to forfeiture or foreclosure. The law should better and more clearly protect these investments through increased foreclosure protection.

In addition, there should be an exception for non-profit, community development corporations that are using land installment contracts as a means of truly revitalizing their communities. Finally, the law should not preempt local city ordinances that have represented local efforts to address predatory land installment contracts. This bill should clearly stand as a floor imposing minimum standards for all of Ohio.

We greatly appreciate your time and willingness to address this important issue for Ohioans.