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**Senate Bill 245 Sponsor Testimony  
May 8, 2024**

Chair Johnson and members of the Senate Select Committee on Housing, thank you for the opportunity to provide sponsor testimony on Senate Bill 245, commonly referred to as the Consumer Protection Bill. This legislation helps to safeguard the rights and interests of Ohio residents in various consumer affairs related to housing. Herein, I will outline 5 key provisions and objectives of this bill.

**I. Eviction Sealing**

One critical aspect of Senate Bill 245 pertains to eviction sealing. Presently, Ohio lacks a uniform process for sealing eviction records, leading to inconsistencies and potential injustices for tenants. To rectify this, this legislation endeavors to establish a standardized eviction sealing procedure across the state. This framework aims to ensure equitable treatment and due process for renters facing eviction by mandating mediation and access to legal counsel prior to eviction filings. Crucially, only finalized evictions would be recorded, promoting fairness and protecting tenants' rights.

**II. Ohio Real Estate Representation Agreements**

Another significant facet of Senate Bill 245 involves enhancing transparency and accountability within Ohio's real estate sector. The legislation seeks to mandate written agency agreements between real estate brokerages and their clients, thereby clarifying the scope of services and commission structures. This initiative arises from recent industry developments, including a settlement necessitating changes in broker commission practices. By standardizing written agreements for all licensed real estate professionals, the bill aims to mitigate confusion and ensure consistency in client-broker relationships, ultimately benefiting consumers and industry professionals alike. This legislation amends Ohio law to require real estate brokerages to enter into written agency agreements before providing services to their clients. vitally important to Ohio's real estate industry as it ensures every licensed real estate broker enters into written

representation agreements with their clients. This will improve transparency within the homebuying process by informing the consumer of the services to be provided as well as the commission structure. It will also protect the real estate professional from disputes over services provided and terms of compensation.

The need for this legislation stems from a recent settlement reached by National Association of Realtors (NAR) resolving litigation brought on behalf of home sellers related to broker commissions. As part of this settlement, the real estate industry will be changing. First, NAR agreed to create a new rule prohibiting offers of compensation on the Multiple Listing Service (MLS). Offers of compensation, where the listing broker offers compensation to the buyer broker, will need to be negotiated outside of the MLS. Second, NAR agreed to create a new rule, requiring REALTORS working with homebuyers participating in the MLS to enter into written agreements with their buyers. The practice of entering into written agreements with clients has long been encouraged as it helps consumers understand the services and value REALTORS® provide and specifies how they will be paid.

While the settlement does require written agreements for REALTORS representing buyers, it does not apply to all licensed real estate professionals, resulting in uncertainty over whether these agreements must be used, when they must be entered, and what they must contain.

SB 245 is an effort to provide some clarity to the changing industry practices. By establishing a statewide standard for all licensed real estate professionals, we ensure everyone is operating under the same rules and guidelines. SB 245 would require written representation agreements to be entered into for all licensed real estate brokers and their clients. It also establishes what would need to be included in these agreements, specifically whether the agreement is exclusive or nonexclusive and that it contains the terms of compensation.

As the industry enters this changing environment where homebuyers may be responsible for negotiating and paying their real estate broker directly, it is imperative that they are aware of the commission structure prior to making an offer on a property. It is also important that brokers enter into these agreements and discuss with their clients the services and value they provide and explain their commission structure before they spend countless hours working for a client. Until the state establishes a standard for the use of written buyer representation agreements, we can expect continued inconsistency in their usage creating further confusion for Ohioans trying to navigate the homebuying process. This bill, therefore, establishes a framework for the practice of written buyer representation agreements throughout the state, protecting both the consumer and real estate professionals.

### **III. Residential Construction Workforce**

Addressing the shortage of qualified personnel in Ohio's residential construction sector is a paramount concern addressed by Senate Bill 245. The legislation proposes revisions to the certification process, aimed at expanding accessibility while upholding stringent standards. Key revisions include broadening experience requirements, streamlining certification procedures, enhancing education and training opportunities, adjusting trainee program requirements, and revising supervisory ratios and responsibilities. These measures aim to attract a broader pool of candidates and bolster the workforce, thereby maintaining high standards of quality and safety in residential construction projects statewide.

### **IV. Third-Party Reviewer Services:**

To expedite the processing of submitted plans by local zoning departments, Senate Bill 245 advocates for the implementation of third-party reviewer services. This provision establishes a statewide process to review building permit applications by engaging third-party reviewers in instances where zoning departments are backed up and fail to process plans within a reasonable timeframe, typically 30 days. By leveraging external expertise, this measure aims to enhance efficiency and accountability in the permitting approval process, facilitating timely project development and regulatory compliance.

### **V. Transaction Transparency:**

Lastly, Senate Bill 245 seeks to enhance transparency in real estate transactions by requiring disclosure of Limited Liability Company (LLC) ownership during property transfers. This disclosure, integrated into the recording process, aims to provide greater clarity and accountability in real estate transactions, mitigating potential risks associated with undisclosed ownership structures.

In conclusion, Senate Bill 245 embodies a comprehensive approach to consumer protection, encompassing eviction sealing, buyer representation agreements, workforce development, regulatory efficiency, and transaction transparency. By addressing these critical areas, we endeavor to foster fairness, accountability, and prosperity within Ohio's housing and consumer markets. Thank you for the opportunity to provide sponsor testimony. I will now invite my joint sponsor, the Ranking Member Senator Hearcel Craig to provide additional testimony on this Bill.

Chair Reynolds, Co-Chair Johnson, and members of the Select Committee on Housing,

I speak today in support of Senate Bill 245, a comprehensive piece of legislation aimed at reforming various aspects of Ohio's legal framework governing eviction, real estate representation agreements, residential building code enforcement, and real property transfers. Senate Bill 245 represents a pivotal step towards ensuring fairness, transparency, and efficiency in our state's real estate and housing sectors. By amending and enacting key sections of the Revised Code, this legislation addresses critical issues facing both tenants and property owners, while also streamlining processes for real estate transactions and building code enforcement.

One of the most significant aspects of Senate Bill 245 is its focus on eviction procedures. Evictions can have devastating consequences for individuals and families, leading to housing instability, financial hardship, and even homelessness. This bill seeks to strike a balance between the rights of landlords to protect their property and the rights of tenants to fair treatment and due process. By revising the law governing eviction, Senate Bill 245 aims to reduce unnecessary displacement and provide greater safeguards for vulnerable tenants.

Furthermore, this legislation introduces important reforms related to real estate representation agreements, residential building code enforcement, and real property transfers. These changes are designed to promote clarity, consistency, and accountability in these critical areas, ultimately benefiting both consumers and industry professionals alike.

In addition to its immediate impact on Ohio's housing and real estate markets, Senate Bill 245 reflects our state's commitment to continuous improvement and adaptation in response to evolving societal needs and challenges. I urge the esteemed members of this committee to support Senate Bill 245. By modernizing and refining our legal framework, this legislation positions Ohio as a leader in promoting responsible homeownership, sustainable development, and equitable access to housing.

Members of the committee, thank you very much for the consideration of this bill and the chance to provide testimony. We would be happy to take any questions at this time.