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Senate Bill 25
Senate Judiciary Committee
Chairman Manning
Sponsor Testimony – Senator Bob Hackett
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Chair Manning, Vice Chair Reynolds and Ranking Member Hicks-Hudson, thank you for the opportunity to provide sponsor testimony on Senate Bill 25.

Property values in an area with a foreclosed property decrease the longer that foreclosed property sits in the court or sale system. The best possible outcome is that a foreclosed property is sold for the highest value as quickly as possible, all while protecting the property owner's rights and completing the sale in a timely manner. In doing so, the county receives payment for all costs associated with the foreclosure and property taxes remain current.

After the economic downturn in 2008-09, we enacted foreclosure reforms to address a significant backlog of properties going through the courts. A primary change was to permit what are called private selling officers (PSOs) to sell foreclosed property in lieu of the county sheriff. These PSOs are Ohio licensed realtors, auctioneers and residents of the state. These previous reforms have had a positive impact on processing foreclosures.

A few of the key foreclosure issues addressed in SB 25 include:

- SB 25 would give judgement creditors the ability to use a private selling officer, instead of the sheriff, to sell foreclosed property in uncontested claims. PSOs market the property in the best possible manner to ensure potential buyers know the true value of the home. PSOs take photographs, post to local listing services, manage information through multiple websites, and conduct email and social media outreach to help sell the foreclosed property. Under SB 25, these PSOs are required be unaffiliated with a mortgagee or mortgage servicer.
- SB 25 would also allow for the county auditor's appraised value to be used rather than requiring the time and expense of three additional appraisals. This will greatly speed up the foreclosure process.

- Finally, SB 25 would permit counties to advertise on their website for three weeks leading up to the foreclosure sale for free. The additional appraisals and currently required newspaper advertising costs only add to the property owner's costs without providing any real value to the process.

To that end the primary goals of SB 25 are:

- (1) ***Help obtain the highest sale price for foreclosed property and help property values around the state*** - For every mortgage or tax foreclosed property, there are dozens of surrounding properties and owners that lose property value until a 3rd party purchase. Banks do not want these properties to sit in their real estate owned departments, so making the property more attractive to third party buyers will improve the process.
- (2) ***Lower the cost and time it takes to sell/buy a foreclosed property***. Previous reforms put foreclosure sales online to encourage more third party buyers. The longer a foreclosed property lingers in the process, the more likely it is to become vacant or abandoned thus creating additional community problems.
- (3) ***Bring in outstanding local taxes due on foreclosed properties*** – The longer properties remain in the foreclosure process, the longer it takes counties to collect the tax dollars used for police, fire, emergency personnel, local and county administration and schools.

Chairman Manning and members of the committee, thank you for allowing me to provide testimony on SB 25. I am happy answer any questions you may have.