



**Ohio House Financial Institutions, Housing
and Urban Development Committee**

HB 223 - Interested Party Testimony

22 January 2014

Chairman Adams, Ranking Member Boyce and Members of the FIHUD Committee, my name is Dustin Holfinger, I am Vice President of State Government Relations for the Ohio Bankers League. Thank you for your invitation to appear before you today. On behalf of the FDIC insured banks and thrifts doing business in Ohio, the OBL is weighing in as an interested party on House Bill 223.

We thank the primary bill sponsors, Reps. Grossman and Curtin for the time and attention they have invested in this bill. We believe several provisions within the bill would make for meaningful reform to Ohio's fractured foreclosure process. It is important for the committee to realize that a foreclosure takes, on average, a year and a half from start to finish. Those eighteen months are in addition to the number of months the lender attempts to work through the homeowner's financial challenges. Frequently during that extended period the home is not properly maintained, thereby decreasing its value as well as also harming the value of neighboring homes and the broader community. Further, property taxes go unpaid, to the detriment of the local government entities - including our schools that rely on those scarce resources.

It is important to note that foreclosure is the end of a process. When efforts to keep the borrower in the home are no longer feasible there is a legal process in which the lender seeks title to the home. When a homeowner is no longer able or willing to make the mortgage payments, everyone is benefitted by a swiftly consummated foreclosure process. It is important to note that the HB 223 provisions of primary interest to OBL members largely relate to abandoned properties.

First, it authorizes a lender who has filed a residential foreclosure action to enter and secure the property if the lender has documented a good faith belief that the property is abandoned. We believe the added protections afforded in this bill would be beneficial in gaining entrance to a property sooner and allow for proper maintenance, thus increasing the odds of sale at a higher price.

Second, the bill would provide that a property not sold after two auctions could be offered for sale from "time to time" with no set minimum bid. This would help expedite the sales process and decrease costs to the lender over the length of the foreclosure.

Third, the bill would criminalize vandalism to the property caused by the homeowner after the person has been personally served with a summons and complaint in a residential mortgage foreclosure action. We are hopeful that this provision will serve as a deterrent for those upset with the foreclosure process. Under continuing law, vandalism is a felony, with the degree of the felony ranging from fifth degree to third degree, depending on the value of the property or the dollar amount of the harm.

As far as the blighted provisions being pursued for the cities included, we appreciate the sponsors' willingness to remove a provision that would have provided an automatic property transfer to the county land bank if the property fails to sell at two separate sheriff's auctions. In addition, the more detailed definition of a "blighted property" is appreciated.

Due to the increasing number of foreclosures, revitalization for some Ohio communities has become a dream too hard to bring to fruition. We are hopeful that this legislation will assist in accelerating the final stage of the lengthy process of foreclosure, and enable such homes to be put back on the market to the mutual benefit of the lender and the community in which the homes are located.

Thank you for your invitation to appear here today. I welcome any questions.