



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** H.B. 463 of the 131st G.A.

**Date:** April 19, 2016

**Status:** As Introduced

**Sponsor:** Rep. Dever

**Local Impact Statement Procedure Required:** No

**Contents:** Modifies judicial sale procedures

### State Fiscal Highlights

- The Department of Administrative Services (DAS) will incur some costs for soliciting competitive sealed proposals for the Official Public Sheriff Sale Website in order to carry out judgement sales of residential properties. The vendor chosen to operate the website would recoup its costs through transaction license fees allowed under the bill.
- The bill requires the Attorney General to establish a database of information about judgement and execution sales of residential properties containing one to four single family units and to make the information publicly available. Costs to develop and administer the database would likely range from thousands to potentially hundreds of thousands of dollars, depending on the complexity of the information to be compiled and the particular hardware and software selected to support the database. These costs would likely be paid from the General Reimbursement Fund (Fund 1060).

### Local Fiscal Highlights

- The bill creates an expedited process for foreclosure actions in the courts of common pleas when a property is deemed to be vacant and abandoned. This could result in an unknown number of additional foreclosure actions. However, given the large number of new foreclosure actions filed annually, the court systems should be able to handle any new cases without discernible additional ongoing costs.
- The bill permits a judgement creditor in a foreclosure action to file a motion requesting that a private selling officer conduct a foreclosure sale rather than a county sheriff. To the extent that private selling officers are requested and approved to conduct the sales, costs for county sheriffs could be reduced substantially.

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## Detailed Fiscal Analysis

The bill makes changes relative to judicial foreclosure actions, many of which appear to have little or no fiscal effect. However, changes permitting an expedited foreclosure action against residential property that is "vacant and abandoned" and increasing the time within which an action to enforce an obligation to pay a note secured by a mortgage may increase costs for county courts of common pleas. Additionally the bill requires the creation of an official sheriff sale website to be operated by a vendor selected through a competitive sealed proposal process overseen by the Department of Administrative Services (DAS). The bill also requires the Attorney General to oversee a database where data about judicial sales or execution sales of residential property would be collected. Conversely, costs for county sheriffs to carry out sales on these properties could be reduced by a provision that allows private selling officers to conduct these sales. The potential fiscal effects are discussed in more detail under the headings below.

### Expedited foreclosure actions

The bill creates an expedited process for foreclosure actions in the courts of common pleas when a property is deemed to be vacant and abandoned. This process requires the court to take certain actions within deadlines set by the bill. These changes have the potential to create an unknown number of additional foreclosure actions for certain vacant and abandoned properties in cases when the current process was deemed too cumbersome to file and will reduce the length of any cases in which a property can be deemed vacant.

Statewide Number of New Foreclosure Filings by Year				
2014	2013	2012	2011	2010
43,728	53,163	70,469	71,556	85,483

Given the large volume of new foreclosure filings in Ohio annually (see table above), the court systems should be able to handle the addition of new cases without discernable ongoing costs.

### Statute of limitations

The bill increases the time within which an action to enforce an obligation secured by a mortgage must be brought from six to 21 years after the note's due date. By extending the statute of limitations, cases that would not have otherwise been filed may be filed creating an increase in cases for the courts of common pleas. The number of additional cases that may be filed under this provision are unknown.

## **Private selling officers**

Under current law, foreclosure sales are conducted by county sheriffs. Under the bill, the judgement creditor in a foreclosure action may file a motion with the court requesting a private selling officer sell the property instead. To the extent that judgement creditors select and courts approve private selling officers in foreclosure actions, there could be a substantial reduction in workload and costs for county sheriffs. Under the bill, costs related to private selling officers conducting judgment sales are taxed as costs of the sale and paid by the buyer of the property.

## **Official Public Sheriff Sale Website**

The bill requires DAS to solicit competitive sealed proposals for creating, operating, and maintaining the Official Public Sheriff Sale Website and integrated auction management system for conducting judicial sales of real property. Judicial sales involving either residential or commercial property could be conducted on the website. However, the bill specifically requires that judicial sales involving residential property be conducted on the website within one year of the bill's effective date. Although DAS would incur minimal costs to solicit and review sealed proposals, the creation, operation, and maintenance of the website would have no fiscal effect for the state or political subdivisions. This is because the bill specifies that these costs will be taxed as costs of each sale using a per-transaction license fee model and payable by the buyers of the properties subject to judicial sales.

## **Judicial sale database**

The bill requires officers appointed or authorized by a court to conduct the judicial or execution sale of residential property consisting of one to four single-family units to submit quarterly reports to the Attorney General that include data about each sale conducted by the officer. The bill requires the Attorney General to establish and maintain a database of the submitted information and make the information included in the database publicly available. Costs incurred by the Attorney General to develop and administer the database would likely range from thousands to potentially hundreds of thousands of dollars, depending on the complexity of the information to be compiled and the particular hardware and software selected to support the database. These costs would likely be paid from the General Reimbursement Fund (Fund 1060).