

As Introduced

**128th General Assembly
Regular Session
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H. B. No. 145

Representative Yuko

**Cosponsors: Representatives Murray, Williams, B., Phillips, Foley, Hagan,
Luckie, Heard, Chandler, Winburn, Fende, Ujvagi, Boyd**

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A B I L L

To amend sections 5313.01, 5313.02, 5313.06, 5313.08, 1
and 5321.01 and to enact sections 5321.20, 2
5321.21, 5321.22, 5321.23, and 5321.24 of the 3
Revised Code to require that residential units 4
conveyed pursuant to a land installment contract 5
receive an appraisal and an inspection, to define 6
residential lease option contract, to regulate 7
residential lease option contracts under the Ohio 8
Landlord and Tenant Law, and to provide penalties. 9
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BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 5313.01, 5313.02, 5313.06, 5313.08, 11
and 5321.01 be amended and sections 5321.20, 5321.21, 5321.22, 12
5321.23, and 5321.24 of the Revised Code be enacted to read as 13
follows: 14

Sec. 5313.01. As used in Chapter 5313. of the Revised Code: 15

(A) "Land installment contract" means an executory agreement 16
which by its terms is not required to be fully performed by one or 17
more of the parties to the agreement within one year of the date 18

of the agreement and under which the vendor agrees to convey title 19
in real property located in this state to the vendee and the 20
vendee agrees to pay the purchase price in installment payments, 21
while the vendor retains title to the property as security for the 22
vendee's obligation. Option contracts for the purchase of real 23
property, including "residential lease option contracts" as 24
defined in section 5321.01 of the Revised Code, are not land 25
installment contracts. 26

(B) "Property" means real property located in this state 27
improved by virtue of a dwelling having been erected on the real 28
property. 29

(C) "Vendor" means any individual, partnership, corporation, 30
association, trust, or any other group of individuals however 31
organized making a sale of property by means of a land installment 32
contract or any successor in interest of the individual, 33
partnership, corporation, association, trust, or any group 34
thereof. 35

(D) "Vendee" means the person who acquires an interest in 36
property pursuant to a land installment contract, or any legal 37
successor in interest to that person. 38

(E) "Legal description" means a description of the property 39
by metes and bounds or lot numbers of a recorded plat including a 40
description of any portion of the property subject to an easement 41
or reservation, if any. 42

(F) "Residential structure" means a structure that contains 43
one to four dwelling units, each of which is intended for 44
occupancy as a home, residence, or sleeping place by one or more 45
persons who maintain a household. "Residential structure" includes 46
a single-family home. 47

Sec. 5313.02. (A) Every land installment contract shall be 48

executed in duplicate, and a copy of the contract shall be 49
provided to the vendor and the vendee. The contract shall contain 50
at least the following provisions: 51

(1) The full names and then current mailing addresses of all 52
the parties to the contract; 53

(2) The date when the contract was signed by each party; 54

(3) A legal description of the property conveyed; 55

(4) The contract price of the property conveyed; 56

(5) Any charges or fees for services that are includable in 57
the contract separate from the contract price; 58

(6) The amount of the vendee's down payment; 59

(7) The principal balance owed, which is the sum of ~~the~~ 60
~~specified in~~ divisions (A)(4) and (5) of this section less ~~the~~ 61
~~specified in~~ division (A)(6) of this section; 62

(8) The amount and due date of each installment payment; 63

(9) The interest rate on the unpaid balance and the method of 64
computing the rate; 65

(10) A statement of any encumbrances against the property 66
conveyed; 67

(11) A statement requiring the vendor to deliver a general 68
warranty deed on completion of the contract, or another deed that 69
is available when the vendor is legally unable to deliver a 70
general warranty deed; 71

(12) A provision that the vendor provide evidence of title in 72
accordance with the prevailing custom in the area in which the 73
property is located; 74

(13) A provision that, if the vendor defaults on any mortgage 75
on the property, the vendee can pay on the mortgage and receive 76
credit on the land installment contract; 77

(14) A provision that the vendor shall cause a copy of the contract to be recorded; 78
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(15) A requirement that the vendee be responsible for the payment of taxes, assessments, and other charges against the property from the date of the contract, unless agreed to the contrary; 80
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(16) A statement of any pending order of any public agency against the property. 84
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(B) No vendor shall enter into a land installment contract for real estate that contains a residential structure unless that vendor obtains and attaches to the contract, both of the following: 86
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(1) A copy of a written appraisal report of the real property and the residential structure, conducted within the previous year by an appraiser who is certified as a residential real estate appraiser pursuant to Chapter 4763. of the Revised Code; 90
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(2) A copy of an inspection of the residential structure conducted by a home inspector who is a member of the American society of home inspectors. 94
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(C) No vendor shall hold a mortgage on property sold by a land installment contract in an amount greater than the balance due under the contract, except a mortgage that covers real property in addition to the property that is the subject of the contract where the vendor has made written disclosure to the vendee of the amount of the mortgage and the release price, if any, attributable to the property in question. 97
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No vendor shall place a mortgage on the property in an amount greater than the balance due on the contract without the consent of the vendee. 104
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~~(C)~~(D) Within twenty days after a land installment contract 107

has been signed by both the vendor and the vendee, the vendor 108
shall cause a copy of the contract to be recorded as provided in 109
section 5301.25 of the Revised Code and a copy of the contract to 110
be delivered to the county auditor. 111

~~(D)~~(E) Every land installment contract shall conform to the 112
formalities required by law for the execution of deeds and 113
mortgages. The vendor of any land installment contract that 114
contains a metes and bounds legal description shall have that 115
description reviewed by the county engineer. The county engineer 116
shall indicate ~~his~~ the engineer's approval of the description on 117
the contract. 118

Sec. 5313.06. (A) Following expiration of the period of time 119
provided in section 5313.05 of the Revised Code, forfeiture of the 120
interest of a vendee in default under a land installment contract 121
shall be initiated by the vendor ~~or by his successor in interest,~~ 122
by serving or causing to be served on the vendee or ~~his~~ successor 123
in interest, if known ~~to the vendor or his successor in interest,~~ 124
a written notice which: 125

~~(A)~~(1) Reasonably identifies the contract and describes the 126
property covered by it; 127

~~(B)~~(2) Specifies the terms and conditions of the contract 128
which have not been complied with; 129

~~(C)~~(3) Notifies the vendee that the contract will stand 130
forfeited unless the vendee performs the terms and conditions of 131
the contract within ten days of the completed service of notice 132
and notifies the vendee to leave the premises. 133

~~Such~~ (B) The notice provided pursuant to this section shall 134
be served by the vendor ~~or his successor in interest~~ by handing a 135
written copy of the notice to the vendee ~~or his successor in~~ 136
~~interest~~ in person, or by leaving it at ~~his~~ the vendee's usual 137

place of abode or at the property which is the subject of the 138
contract or by registered or certified mail by mailing to the 139
vendee's last known address ~~of the vendee or his successor in~~ 140
~~interest.~~ 141

(C) Except as otherwise provided in section 5313.07 of the 142
Revised Code, any action for forfeiture of the vendee's interest 143
in a property that contains a residential structure may be brought 144
only pursuant to an action for forfeiture and restitution as 145
provided in section 5313.08 of the Revised Code. 146

Sec. 5313.08. If the contract has been in effect for less 147
than five years, in addition to any other remedies provided by law 148
and after the expiration of the periods prescribed by sections 149
5313.05 and 5313.06 of the Revised Code, if the vendee is still in 150
default of any payment the vendor may bring an action for 151
forfeiture of the vendee's rights in ~~the~~ a land installment 152
contract and for restitution of ~~his~~ the property under Chapter 153
1923. of the Revised Code. When bringing the action under Chapter 154
1923. of the Revised Code, the vendor complies with the notice 155
requirement of division (A) of section 1923.04 of the Revised Code 156
by serving notice pursuant to section 5313.06 of the Revised Code. 157
The court may also grant any other claim arising out of the 158
contract. 159

Sec. 5321.01. As used in this chapter: 160

(A) "Tenant" means a person entitled under a rental agreement 161
to the use and occupancy of residential premises to the exclusion 162
of others. 163

(B) "Landlord" means the owner, lessor, or sublessor of 164
residential premises, the agent of the owner, lessor, or 165
sublessor, or any person authorized by the owner, lessor, or 166
sublessor to manage the premises or to receive rent from a tenant 167

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| under a rental agreement. | 168 |
| (C) "Residential premises" means a dwelling unit for residential use and occupancy and the structure of which it is a part, the facilities and appurtenances in it, and the grounds, areas, and facilities for the use of tenants generally or the use of which is promised the tenant. "Residential premises" includes a dwelling unit that is owned or operated by a college or university. "Residential premises" does not include any of the following: | 169 170 171 172 173 174 175 176 |
| (1) Prisons, jails, workhouses, and other places of incarceration or correction, including, but not limited to, halfway houses or residential arrangements that are used or occupied as a requirement of a community control sanction, a post-release control sanction, or parole; | 177 178 179 180 181 |
| (2) Hospitals and similar institutions with the primary purpose of providing medical services, and homes licensed pursuant to Chapter 3721. of the Revised Code; | 182 183 184 |
| (3) Tourist homes, hotels, motels, recreational vehicle parks, recreation camps, combined park-camps, temporary park-camps, and other similar facilities where circumstances indicate a transient occupancy; | 185 186 187 188 |
| (4) Elementary and secondary boarding schools, where the cost of room and board is included as part of the cost of tuition; | 189 190 |
| (5) Orphanages and similar institutions; | 191 |
| (6) Farm residences furnished in connection with the rental of land of a minimum of two acres for production of agricultural products by one or more of the occupants; | 192 193 194 |
| (7) Dwelling units subject to sections 3733.41 to 3733.49 of the Revised Code; | 195 196 |
| (8) Occupancy by an owner of a condominium unit; | 197 |

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| (9) Occupancy in a facility licensed as an SRO facility | 198 |
| pursuant to Chapter 3731. of the Revised Code, if the facility is | 199 |
| owned or operated by an organization that is exempt from taxation | 200 |
| under section 501(c)(3) of the "Internal Revenue Code of 1986," | 201 |
| 100 Stat. 2085, 26 U.S.C.A. 501, as amended, or by an entity or | 202 |
| group of entities in which such an organization has a controlling | 203 |
| interest, and if either of the following applies: | 204 |
| (a) The occupancy is for a period of less than sixty days. | 205 |
| (b) The occupancy is for participation in a program operated | 206 |
| by the facility, or by a public entity or private charitable | 207 |
| organization pursuant to a contract with the facility, to provide | 208 |
| either of the following: | 209 |
| (i) Services licensed, certified, registered, or approved by | 210 |
| a governmental agency or private accrediting organization for the | 211 |
| rehabilitation of mentally ill persons, developmentally disabled | 212 |
| persons, adults or juveniles convicted of criminal offenses, or | 213 |
| persons suffering from substance abuse; | 214 |
| (ii) Shelter for juvenile runaways, victims of domestic | 215 |
| violence, or homeless persons. | 216 |
| (10) Emergency shelters operated by organizations exempt from | 217 |
| federal income taxation under section 501(c)(3) of the "Internal | 218 |
| Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 501, as | 219 |
| amended, for persons whose circumstances indicate a transient | 220 |
| occupancy, including homeless people, victims of domestic | 221 |
| violence, and juvenile runaways. | 222 |
| (D) "Rental agreement" means any agreement or lease, written | 223 |
| or oral, which establishes or modifies the terms, conditions, | 224 |
| rules, or any other provisions concerning the use and occupancy of | 225 |
| residential premises by one of the parties. | 226 |
| (E) "Security deposit" means any deposit of money or property | 227 |
| to secure performance by the tenant under a rental agreement. | 228 |

(F) "Dwelling unit" means a structure or the part of a 229
structure that is used as a home, residence, or sleeping place by 230
one person who maintains a household or by two or more persons who 231
maintain a common household. 232

(G) "Controlled substance" has the same meaning as in section 233
3719.01 of the Revised Code. 234

(H) "Student tenant" means a person who occupies a dwelling 235
unit owned or operated by the college or university at which the 236
person is a student, and who has a rental agreement that is 237
contingent upon the person's status as a student. 238

(I) "Recreational vehicle park," "recreation camp," "combined 239
park-camp," and "temporary park-camp" have the same meanings as in 240
section 3729.01 of the Revised Code. 241

(J) "Community control sanction" has the same meaning as in 242
section 2929.01 of the Revised Code. 243

(K) "Post-release control sanction" has the same meaning as 244
in section 2967.01 of the Revised Code. 245

(L) "School premises" has the same meaning as in section 246
2925.01 of the Revised Code. 247

(M) "Sexually oriented offense" and "child-victim oriented 248
offense" have the same meanings as in section 2950.01 of the 249
Revised Code. 250

(N) "Preschool or child day-care center premises" has the ~~the~~ 251
same meaning as in section 2950.034 of the Revised Code. 252

(O) "Residential lease option contract" means any executory 253
agreement without regard to its title or description, that is 254
comprised of a single document, a portion of a document, or a 255
number of documents, and that does all of the following: 256

(1) Contains an option agreement that confers upon the tenant 257
a qualified or unqualified right to purchase the landlord's 258

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| <u>interest in the residential premise;</u> | 259 |
| <u>(2) Requires the tenant to pay a fee for the option to purchase and to pay rent during the term of the contract;</u> | 260 261 |
| <u>(3) Retains the landlord's legal and equitable title to the residential premise until the tenant exercises the option and purchases the property.</u> | 262 263 264 |
| <u>"Residential lease option contract" does not include a lease for agricultural, business, or commercial purposes, personal property, intangible personal property, a contract with a tenant that is not an individual, or a contract to purchase that is a "land installment contract" as defined in section 5313.01 of the Revised Code.</u> | 265 266 267 268 269 270 |
| <u>(P) "Option agreement" means a contract or the portion of a contract that is executory in nature and defines the terms and conditions under which a tenant may purchase the residential premise.</u> | 271 272 273 274 |
| <u>Sec. 5321.20.</u> (A)(1) <u>A residential lease option contract is deemed to be a rental agreement subject to this chapter. A person who offers a residential lease option contract is a landlord pursuant to this chapter and a person who enters into a residential lease option contract with that landlord is a tenant pursuant to this chapter.</u> | 275 276 277 278 279 280 |
| <u>(B) A residential lease option contract shall clearly state that the tenant is renting the property and has all rights and responsibilities of a tenant. The contract shall contain the following statement in boldface type of the same size font as used for the text of the contract, in close proximity to the statement of the amount of the rent:</u> | 281 282 283 284 285 286 |
| <u>"The tenant is renting this property and has all rights of a tenant under The Ohio Landlords and Tenants Law, Chapter 5321. of</u> | 287 288 |

the Revised Code. 289

If the tenant does not pay the monthly rent or violates other 290
terms of the contract, the landlord may initiate eviction 291
proceedings pursuant to Chapters 5321. and 1923. of the Revised 292
Code." 293

Sec. 5321.21. (A) Any residential lease option contract shall 294
clearly state that the contract is not a contract to purchase. It 295
shall contain, at the top of the first page of the contract and 296
again directly above the tenant's signature, the following printed 297
in at least fourteen-point boldface type in all capital letters: 298
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THIS IS NOT A CONTRACT TO BUY. THIS CONTRACT GIVES YOU THE 300
RIGHT TO BUY THE PROPERTY DESCRIBED IN IT. YOU WILL NOT OWN THE 301
PROPERTY UNTIL YOU PAY THE PURCHASE PRICE IN FULL AND FULFILL THE 302
OTHER TERMS OF THIS CONTRACT. 303

(B)(1) The contract shall disclose the amount of the option 304
fee and state the amount of the option fee that will be credited 305
against the purchase price if the tenant exercises the option to 306
purchase. The contract shall contain the following statement 307
printed clearly and conspicuously in at least fourteen-point 308
boldface type in all capital letters: 309

THE TENANT HAS PAID AN ADDITIONAL FEE OF \$..... FOR THE 310
RIGHT TO PURCHASE THE PROPERTY LOCATED AT 311

THIS OPTION FEE IS NOT A SECURITY DEPOSIT AND MAY NOT BE 312
REFUNDED IF FOR ANY REASON THE TENANT DOES NOT BUY THE PROPERTY. 313

(2) During any year in which a residential lease option 314
contract is in effect, the fee for the option to purchase may not 315
exceed one and one-half times the amount that is charged for one 316
month's rent that year. During the entire term that the option is 317
in effect, the total of the fees charged for the option may not 318

exceed four times the amount of the monthly rent that was charged 319
during the first year of the option. 320

Sec. 5321.22. (A) No landlord shall offer a residential lease 321
option contract to a tenant unless that contract contains all of 322
the following in addition to any other requirements of this 323
chapter: 324

(1) The full name and mailing address of each party to the 325
contract; 326

(2) The date each party signs the contract; 327

(3) The amount of the tenant's monthly rent; 328

(4) The period of time during which the tenant may exercise 329
the right to buy the property; 330

(5) The agreed upon sales price of the property and any 331
adjustments that may be made to the sales price, the circumstances 332
under which those adjustments may be made, and the amount of rent 333
that will be applied to reduce the sales price; 334

(6) A legal description of the property by metes and bounds 335
or lot numbers of a recorded plat, including a description of any 336
portion of the property subject to an easement or reservation; 337

(7) A statement of any known encumbrances or encumbrances 338
that could be reasonably ascertained against the property; 339

(8) A statement of any pending order of a public agency 340
against the property; 341

(9) A statement specifying any liens and mortgages against 342
the property for which the tenant will assume responsibility at 343
the time of closing and the current dollar amount of each; 344

(10) A statement that the landlord will remove any liens and 345
mortgages against the property prior to the time of the closing, 346
except those specified in the contract to be assumed by the 347

tenant; 348

(11) A statement that the tenant has received, reviewed, and 349
signed a completed copy of the residential real property 350
disclosure form described in section 5302.30 of the Revised Code; 351

(12) A statement of the landlord's ownership interest in the 352
property and information regarding the location of documentation 353
of that ownership interest; 354

(13) A provision requiring the landlord to provide evidence 355
of title and to deliver a general warranty deed, or the best 356
available deed if unable to deliver a general warranty deed, at 357
the closing upon exercise of the option; 358

(14) A statement setting forth which expenses of closing and 359
sale are the responsibility of the landlord and which are the 360
responsibility of the tenant. 361

(B) Prior to the tenant signing a residential lease option 362
contract, the landlord shall provide the tenant with a completed 363
and signed copy of the residential real property disclosure form 364
described in section 5302.20 of the Revised Code, and any other 365
documents federal, state, or local law require. 366

(C) The landlord shall provide each tenant who is a party to 367
a residential lease option contract a copy of the contract signed 368
by the landlord and by each tenant and a receipt for any fees paid 369
to the landlord pursuant to the contract. 370

Sec. 5321.23. A tenant who enters into a residential lease 371
option contract may request the landlord to prepare an updated 372
statement of the amount needed to purchase the property. Within 373
ten days of such a request, the landlord shall prepare a statement 374
of the current price to purchase the property. The statement shall 375
show all calculations used to reach the current price including 376
credits toward the purchase price and additions to the purchase 377

price. The landlord shall either deliver the statement in person, 378
with the tenant signing a copy of the statement as evidence of its 379
receipt, or by certified mail to the property address. A landlord 380
is not obligated to provide the information this division requires 381
more than twice during any twelve-month period. 382

Sec. 5321.24. A court of competent jurisdiction may find any 383
landlord who fails to substantially comply with sections 5321.20 384
and 5321.21 of the Revised Code liable for damages in an amount 385
not less than ninety dollars and not more than five hundred 386
dollars for each violation, together with actual damages and 387
reasonable attorney's fees, and may void the contract and order 388
any fees or deposits be returned to the tenant. A tenant may seek 389
enforcement of sections 5321.20 to 5321.23 of the Revised Code in 390
a municipal court, county court, or court of common pleas and, 391
upon determining that the landlord has failed to comply with any 392
of these sections, the court shall grant appropriate relief. 393

Section 2. That existing sections 5313.01, 5313.02, 5313.06, 394
5313.08, and 5321.01 of the Revised Code are hereby repealed. 395

Section 3. Section 5313.02 of the Revised Code is presented 396
in this act as a composite of the section as amended by both Sub. 397
H.B. 95 and Am. Sub. H.B. 473 of the 119th General Assembly. The 398
General Assembly, applying the principle stated in division (B) of 399
section 1.52 of the Revised Code that amendments are to be 400
harmonized if reasonably capable of simultaneous operation, finds 401
that the composite is the resulting version of the section in 402
effect prior to the effective date of the section as presented in 403
this act. 404