



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: [Sub. H.B. 9 of the 128th G.A.](#) **Date:** March 25, 2009
Status: As Reported by House Financial Institutions, Real Estate, & Securities **Sponsor:** Reps. Celeste and Foley

Local Impact Statement Procedure Required: No — Minimal cost

Contents: Requires tenant notification of foreclosure actions on and related sales of residential rental properties and requires that rental agreements involved convert to a month-to-month basis

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

LOCAL GOVERNMENT

FY 2010 – FUTURE YEARS

Municipal and County Courts

Revenues	Potential minimal gain annually
Expenditures	Potential minimal increase annually

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- As a result of a right of action for tenants created by the bill, there may be additional cases filed with municipal or county courts. Presumably, court cost filing fees would offset some or all of any new costs created by the additional caseload, thus any new costs would be minimal.

Detailed Fiscal Analysis

Overview

The bill requires any landlord of a residential property that has been notified by a court that the property is the subject of a foreclosure action to provide each tenant at the property with a written notice of the foreclosure action within 60 days after the foreclosure action is filed if a rental agreement was entered into before the foreclosure action is initiated. Similarly, the bill requires any such landlord to provide each tenant at the property with written notice of the date, time, and place of the sale of the foreclosed property at least 21 days before the date of the sale at auction.

The bill requires that any rental agreement for a residential property that has been sold pursuant to a court order under a foreclosure action convert to a month-to-month basis once the court has confirmed the sale. Because the successor in interest would become a landlord for the property for at least 30 days, the bill also requires the previous owner, after a foreclosure sale has occurred, to forward to the successor in interest an amount equal to any security deposits paid by the tenant(s) to the previous owner, making the successor in interest liable only for the security deposits that the successor receives.

Civil actions

If the landlord does not provide these notices or fails to honor a month-to-month rental agreement once a property is sold under a foreclosure action, the bill permits a tenant to file a civil action to recover the greater of actual damages or one month's rent plus the security deposit amount and reasonable attorney's fees, obtain injunctive relief, or both. As a result, there may be additional cases filed with municipal or county courts. Presumably, court fees would offset some or all of any new costs created by new cases, making any new costs likely no more than minimal.