



## SENATOR SHANNON JONES

7th Ohio Senate District

### Committees:

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Senate Finance and Financial Institutions Committee

Senator Carey, Chairman

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Senator Shannon Jones

Senate Bill 197

Chairman Carey and fellow members of the Senate Finance Committee, thank you for the opportunity to speak to you today about Senate Bill 197.

As residential foreclosures in Ohio grow, we are faced with a need to provide relief to those who are at risk of losing their homes. While serving in the House of Representatives, I had the opportunity to sit on many committee and interested party meetings surrounding House Bill 3, legislation declaring a six-month moratorium on mortgage foreclosures. As a result of these discussions, I have introduced a companion bill to Representative Dolan's House Bill 306. HB 306 and Senate Bill 197 attempt to offer a real solution to the home foreclosure crisis -- mediation. This legislation requires courts to establish and operate mediation upon the filing of a foreclosure action of an occupied residential property, similar to the highly successful Foreclosure Mediation Program Model crafted by Chief Justice Moyer.

Under this legislation, each of Ohio's 88 Common Pleas Courts will establish and implement mandatory foreclosure mediation using the following procedures:

- Establish by rule a residential foreclosure filing fee up to \$500 to fund the program.
- Mediation conducted by court-appointed mediators trained in accordance with Rule 16 of Superintendence.
- After the filing of a foreclosure action the borrower will receive a court summons indicating:
  - That the filing party and the owner of an occupied residential property are required to participate in mediation
  - That the homeowner has 28 days to answer or respond to the summons and complaint, and that if the homeowner does not answer or otherwise respond within 28 days after the service of the summons and complaint, the mediation will not be held and the filing party may seek a default judgment.
  - That upon receiving an answer from the homeowner, the court will schedule the mediation to be held within 60 days.
  - That all further foreclosure proceedings are stayed, pending the filing of the mediation report.

- That the homeowner may be accompanied and represented by an attorney at the mediation.
  - That at the discretion of the mediator, the first mediation meeting may be held by telephone.
  - Other information about programs that help homeowners who face foreclosure, including information on state programs such as the "Save the Dream Program"
- As stated in the summons, upon receipt of the homeowner's response, the court shall set a date for mediation within 60 days. In order to get all parties to the table, the first mediation meeting may be done by telephone.
  - The mediation would continue as the mediator determines is beneficial. Both sides may be represented at the mediation and must be present with full authority to negotiate a settlement.
  - During this process, if a homeowner does not attend a scheduled mediation meeting, the mediator is to immediately report this to the court, and the foreclosure shall proceed. If the filing party does not attend a mediation meeting, the bill requires the court, subject to a showing of good cause, to dismiss the foreclosure action.
  - SB 197 requires a mediator to prepare a written report of the mediation and provide that report to the court within 14 days after the final mediation meeting.
  - Following the filing of the report, the court is required to lift the stay on the foreclosure proceedings and to serve a copy of the mediator's report to all parties.

As we are all aware, whatever the reasons leading to foreclosure, the effects are devastating to both homeowners and our neighborhoods. SB 197 requires all parties to come to the table which increases the probability for a payment schedule to be established and for Ohioans to keep their homes. While not every mortgage in delinquency can be saved, those that can be rehabilitated will have the chance. Ohio is in a foreclosure crisis and we need to provide more opportunities for amicable solutions.

Thank you again for the opportunity to testify on SB 197. I would be happy to answer any questions you may have.