



New Perspective Asset Management
37 W. Bridge St., Suite 200C
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Combating Nuisance Properties Using Receiverships



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Combating Nuisance Properties Using Receiverships

Overview

In every part of the State of Ohio there are problems with nuisance properties. There are vast numbers of buildings that are chronically vacant, in disrepair, and in violation of local housing codes. Not only are the buildings an eyesore, but they can become a danger to the community. Physically, the deteriorated buildings may be unsafe for occupancy. Moreover, they could house criminal activity and encourage vandalism.

The problem has only grown since the mortgage crisis, where certain houses fell into a void where owners could not afford the maintenance, and lienholders did not see the benefit of taking back the property. The parties in title have then left the local governments to deal with the problems.

The tools at the disposal of government officials are many, but they are not always effective. Tax foreclosures work only on those properties that are delinquent. Criminal and civil nuisance citations often go without response from an owner. Demolition and maintenance orders are costly, with demolition potentially depleting the stock of affordable, low-income housing.

But there is another tool, often unused simply because the key players do not know it is available. That is, the Ohio Revised Code permits the appointment of a receiver to abate nuisances at residential properties, most often resulting in the property being rehabilitated and sold to a new owner.

Purpose of Presentation

- New Perspective Asset Management and its legal counsel have spent nearly two years developing a nuisance receivership program in Franklin County, Ohio. It is a program that can work in other counties and cities; we desire to spread its use.
- Education about the receivership option will open new possibilities for combating nuisance properties.
- With the help of New Perspective Asset Management, the key players necessary for nuisance receiverships can be organized to bring this tool to bear. Local agents, attorneys, construction companies and realtors can be used in the process



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Statute Overview – R.C. 3767.41

The source of the nuisance receivership process is found in Ohio Revised Code § 3767.41. The following is an overview of the statute:

- Applies to any residential building, including mixed-use buildings.
- Buildings must be declared a “public nuisance” by a court before the petition for Receivership can proceed, usually through a housing or environmental court.
- An interested party may file the nuisance complaint, or, more often, a prosecutor will initiate the proceeding. Interested parties include non-profits that have a mission of improving Ohio properties.
- Once a nuisance is declared, the proposed receiver must present a financial and construction plan for the abatement of the nuisances to the Court.
- The Court determines the feasibility of the project and typically grants the request for receivership.
- The property owners and all other lienholders can oppose the receivership action, but unless they have a better plan for financing and rehabilitating the building, the Court will appoint the receiver. By the time the receiver is appointed, parties in title have had more than adequate chances to fix the problems.
- Receivership gives immediate, legal control of a property with no purchase or eminent domain required, and rehabilitation can start once the receiver posts a bond.
- The title to the property remains with the owners but the administrative expenses of the receivership become a first and best lien on the property. Administrative expenses include the receiver’s fees and expenses, legal costs, carrying costs, and rehabilitation expenses (which are usually paid for by a receiver’s loan)
- Once the nuisance is abated, the owner can pay the costs to regain control of the property. If the owner fails to do so, the receiver can petition the Court for authority to sell the property.
- The receiver’s sale is free and clear of liens, except that in some circumstances additional legal work is required to remove some liens. Title is insured to the new owner.
- New owners of the properties are vetted to ensure they are not habitual offenders of housing codes. Properties are subject to inspection prior to new occupancy.



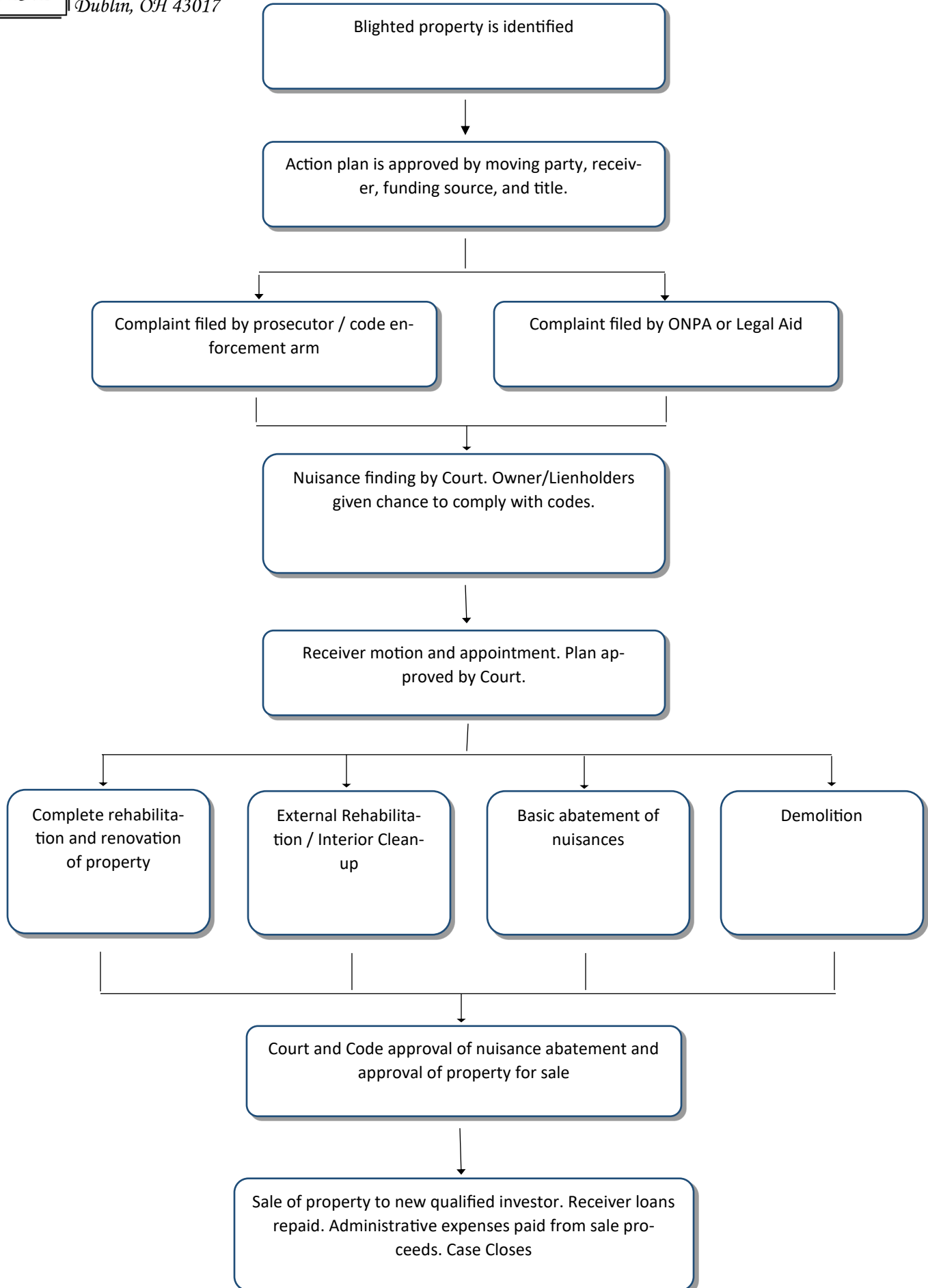
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The Key Players

- **Local Government Authorities** – Help coordinate other key players and identify areas for focus of receivership efforts.
- **Code Enforcement** – Helps identify target properties. Inspects properties to ensure receiver abated nuisances and that new buyer complies with codes.
- **Prosecutor** – Identifies target properties. Brings nuisance actions and establishes legal basis for appointment of receiver.
- **Land Bank / Community Improvement Non-Profits** – Provides financing to abate nuisances in receivership cases through receiver loans.
- **Title Company** – Ensures proper title standards are adhered to for clear title to pass to new owner. Requires notice to all interested parties.
- **Court** – Authority over legal and procedural issues.
- **Legal Aid** – Can bring nuisance claims on behalf of clients and leverage the receivership process for change.
- **Ohio Neighborhood Preservation Association (“ONPA”)** – Non-profit with mission to improve housing throughout Ohio. Can bring nuisance claims and initiate receivership cases where prosecutor has not proceeded.
- **Contractors** – Locally sourced companies and individuals that complete the construction work on the properties.
- **Realtor** – Locally sources real estate agent that will market and sell properties for the receiver.
- **Local Counsel** – Local attorney that provides local counsel support, Court appearances, and can be trained in the process.
- **New Perspective Asset Management** – Serves as receiver over the property, bringing process to bear and accomplishing the abatement plan. Will use local management where possible.
- **Allen Kuehnle Stovall & Neuman LLP** - General legal counsel to New Perspective Asset Management as receiver. Coordinates all legal issues and filings. Drafts receiver appointment documents for presentation to moving party. Assists in all aspects of cases.



The Process





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How to Start?

1. **Funding is key.** The receiver needs a source of loans for the rehab process. The loans are low-risk, because the process is not employed when there is not enough value in the property to support a loan.
2. In Franklin County, the Central Ohio Community Improvement Corporation (“COCIC”) provides some funding for the receivership process. New Perspective Asset Management and the ONPA are also working to secure other funding sources.
3. **Sharing information.** Legal counsel for New Perspective Asset Management can walk the various parties through the court process and requirements, while the receivers can discuss the market and practicalities.
4. **Meeting of Key Players.** The funding group, prosecutors, receiver, and other key players should get together for a meeting to discuss how the process works and where best to employ it.
5. **Complete a test case.** The first couple cases will require the Court and other parties to become familiar and comfortable with the process.
6. **Fill the pipeline.** To make this process cost effective and worthwhile for the receiver, counsel and the other players, there needs to be a flow of properties through the system to keep the parties at work.
7. **Make change.** This process will help in part to solve the ongoing problem of blight, and we are happy to help get it up and running.

Dana Milligan - Receiver

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Overview

Dana is a Columbus transplant, originally hailing from New Jersey, who has enjoyed building a rich life in her adopted home city. Her skills are well-honed, yet varied, through years of hard work and intentional personal development. In addition to being a court appointed receiver, Dana is a licensed real estate agent, a celebrated businesswoman, professional home inspector, and a notary.

Education and Credentials

- Middlesex City College
- Franklin University of Business
- Received “Top Women-Owned Businesses” in 2012 and 2013
- Licensed Real Estate Agent

Experience

Dana, personally or via New Perspective Asset Management, has been named as a receiver in over 30 cases dealing with over 400 properties. She has worked with numerous lenders, law firms and governmental entities across fifteen different counties in conducting liquidations, property rehabilitations, and company operations. Dana formed New Perspective Asset Management to fill the need for quality, professional asset management and liquidation duties in the new sophisticated marketplace. New Perspective Asset Management is unique in that it brings together a team of industry professionals to match the needs of the business or property in distress, to properly stabilize the property and move it to the next phase in its life cycle.

Personal

Dana is a long-term resident of Plain City, Ohio. She finds great enjoyment in giving back to her community; specifically, by promoting small businesses and local owners throughout the city as well as supporting and campaigning for women in government. In her spare time, she focuses on investing in her adult children and her young grandsons.

Shawn Parker - Receiver

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Overview

Shawn is a life-long resident of Columbus who carries a passion for his community. He has a diverse professional practice in real estate, consulting services, strategic wind-downs, liquidation services, and business redevelopment. Shawn is well-known throughout Ohio in his role as a court-appointed receiver for companies and real estate through both liquidating and operating receiverships.

Education and Credentials

- Graduated from The Ohio State University in 1987
- Received salesperson and Real Estate Broker's licenses through Hondros College
- Licensed in both Ohio and Florida
- Has completed graduate level classes through Ohio States' Fisher College of business in Finance, Business Law, and Marketing.

Experience

Shawn and New Perspective have been named as a receiver in over 30 cases dealing with over 400 properties. Shawn has worked with numerous lenders, law firms and governmental entities across fifteen different counties in conducting liquidations, property rehabilitations, and company operations. Shawn formed New Perspective Asset Management to fill the need for quality, professional asset management and liquidation duties in the new sophisticated marketplace. New Perspective Asset Management is unique in that it brings together a team of industry professionals to match the needs of the business or property in distress, to properly stabilize the property and move it to the next phase in its life cycle.

Personal

Shawn and his family have resided in Dublin Ohio for approximately 15 years. Shawn is an active Volunteer with the Delta Chi housing Corp, the Knights of Columbus, St. Brigid elementary school, and the Boy Scouts of America, where he was the recipient in 2009 of the "Bridgebuilder Award" for distinguished service.

Allen Kuehnle Stovall & Neuman, LLP

Legal Counsel to Receiver

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Overview

Allen Kuehnle Stovall & Neuman LLP is a nationally recognized firm whose attorneys have extensive experience in numerous practice areas. The firm is known for its work in insolvency matters, including the ongoing representation of multiple receivers, chapter 7 trustees, creditors and debtors.

Matt Fisher, Partner

After growing up in Lima, Ohio, Matt attended Wittenberg University and then Ohio Northern for his law degree. A personable and resourceful attorney, Matt focuses on Debtor/Creditor rights, receiverships, civil litigation, and corporate representation. He is listed in Best Lawyers in America and is recognized as a Super Lawyer. He has been practicing law since 1996.

Matt and his family live in Dublin, Ohio. He is an avid cyclist, having ridden in multiple Pelotonia events, and he heads west to ski whenever the opportunity arises.



Jim Coutinho, Associate

Originally from Cincinnati, Jim matriculated to Columbus to attend The Ohio State University. He received his law degree from Capital University Law School. He now practices in all manners of insolvency representation, receiverships, real estate law, business representation, civil litigation and transactional work. Jim is also a chapter 7 bankruptcy trustee. He has been practicing since 2007.

Jim and his family live in Hilliard, Ohio. He is an avid do-it-yourselfer, an amateur woodworker, and recreational photographer.





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New Perspective Asset Management

New Perspective Asset Management was formed in 2007, during the major downturn of the market, as a means of assisting financial institutions that needed to take control of their assets. When the process proved effective, the company's growth turned receivership into an entrepreneurial pursuit as more and more cases needed management.

Restoring assets and minimizing loss through careful attention to individual details defined the company and set the groundwork for what it would become; an entity devoted to honesty, dependability, and mutual benefit for all parties whenever possible. During that time, New Perspective managed an impressive range of projects such as the completion of builder walkaways, multi-family complexes, the turn-around of single-family rental portfolios ranging from 2 to 130 scattered site properties, shopping centers, skilled nursing homes, child care facilities, hotels, restaurants, manufactured distribution, retail operations, and numerous sales of commercial and residential properties. Through these experiences and other pursuits, the team at New Perspective can comfortably provide decades of knowledge and expertise in business, real estate, and community rehabilitation. As the market has improved, the needs of the community have altered and New Perspective has adjusted accordingly, focusing on neighborhood blight and abandoned





Ohio Neighborhood Preservation Association

Mission Statement

The Ohio Neighborhood Preservation Association is dedicated to the improvement and preservation of neighborhoods throughout the State of Ohio. Through intentional networking between various State, County, City, and private organizations, the ONPA will serve as a catalyst to put resources to work against blighted and ignored properties. By employing legal process to bring focus to specific problem areas and properties, the ONPA will improve local neighborhoods one property at a time.

Goals

The Ohio Neighborhood Preservation's central purpose is to identify blighted and ignored properties in Ohio neighborhoods and bring resources to bear for the improvement of those properties. While there are numerous organizations that have funding to be used for the improvement of housing within Ohio, the ONPA has the unique ability through Ohio law to target specific properties and rehabilitate them through the Receivership process. The central goals of the ONPA are as follows:

- To improve the wellness and happiness of Ohioans through the improvement and preservation of their neighborhoods.
- To identify and evaluate neighborhoods with problem properties that might be improved through ONPA's efforts.
- To eliminate blight and prevent further degradation of Ohio neighborhoods through nuisance abatement, acting as the Plaintiff to bring those properties before local Courts.
- To bring blighted properties back to a usable state and sell them under the Ohio receivership process to owners who will care for the restored property.
- To focus on multiple Ohio neighborhoods, including the expansion into counties beyond Franklin County, Ohio.
- To provide an instrument through which local Ohio government agencies and other private organizations may address blighted and ignored properties.
- To set a standard for integrity and clarity of purpose for organizations dedicated to the development of Ohio neighborhoods.

