



## BLUESTONE

LAW GROUP, LLC

141 East Town Street, Suite 100  
Columbus, Ohio 43215

Telephone: (614) 220-5900

[www.bluestonelawgroup.com](http://www.bluestonelawgroup.com)

Facsimile: (614) 462 1930

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March 1, 2015

### **Am. Sub. House Bill 201 Speeds Up Mortgage Satisfaction Process, Penalizes Lenders for Non-Compliance**

Oftentimes, clients will call to tell us that their lender has not released of record a mortgage that was paid off long ago, or an unreleased mortgage will pop up when we conduct a title search for a client who is purchasing a property. With bank consolidations and mergers, it is often difficult to track down the name of the new financial institution and reach someone who has authority to execute a mortgage release/satisfaction. This could result in real estate closings or new financing being delayed.

Help is on the way.

Starting later this month, lenders who fail to release residential or commercial mortgages within ninety (90) days of the underlying loans being satisfied (i.e., paid off or forgiven) will face greatly expanded financial penalties. [Am. Sub. H. B. No. 201](#) ("House Bill 201"), which goes into effect on **March 23, 2015**, provides broader and more powerful remedies to borrowers who have paid off their loans as well as to the current property owners whose lands are encumbered with prior owners' unreleased mortgages - current law only applies to borrowers having residential loans and allowed only \$250 in statutory damages.

House Bill 201 allows both the original borrower and the current property owner to collect \$250 in statutory damages from lenders who fail to release mortgages within ninety (90) days (so lenders now face up to \$500 in statutory damages). Additionally, current owners who send a statutorily prescribed notice of non-compliance to the lender may, if the lender fails to act within fifteen (15) days of receiving the notice, bring a civil action to recover \$100 for each day of the lender's non-compliance plus reasonable attorneys' fees and costs (there's a cap of \$5,000 in total damages). The law does provide a safe harbor for lenders when the delay is due to the county recorder failing to timely process the mortgage release.

Hopefully, this new law will prompt lenders to release mortgages of record more quickly than they did so previously. When they don't, the new law will more equitably compensate borrowers and current property owners for their time and costs in having to track down the lenders and secure a mortgage release. Need help with this issue? Call us.

**Bluestone Law Group** regularly works with property owners on all aspects of real property issues. Stay updated through our website: [www.bluestonelawgroup.com](http://www.bluestonelawgroup.com).