

To: All Ohio Policy Issuing Agents of WFG National Title Insurance Company

From: WFG Underwriting Department

Date: August 20, 2024 Bulletin No.: OH 2024-05

Subject: City of Cleveland Certificate of Disclosure Meeting

Effective August 5, 2024, the City of Cleveland enacted a city ordinance (Section 367.12) which requires the buyer of an interest in real property to be provided with a Certificate of Disclosure issued by the City. The ordinance contemplates that the Title Agency handling the closing will file an Application for the certificate prior and receive the Certificate prior to closing. The Application Fee is \$60 per structure located upon the land being conveyed. (Please note the issuance of the Certificate may depend on the filing of other forms and approvals set forth in the Application.)

Another ordinance (Section 367.13) purports to prohibit a settlement agent from disbursing funds unless the Certificate of Disclosure is obtained.

Violation of either ordinance is a first-degree criminal misdemeanor which may subject you to fines and/or incarceration.

Due to the massive confusion over this process, the City is hosting a Zoom meeting on August 22, 2024 at 1:00 p.m. EST and you are encouraged to attend.

You must register to attend the meeting via this link:

https://us02web.zoom.us/meeting/register/tZwtdOyhpzlqHdLvm4ZsBqn7HCbDbpo8EVMv#/registration

A link to the Application and the text of the ordinance are below: Application:

https://www.clevelandohio.gov/sites/clevelandohio/files/Building%20and%20Housing/certifcateofdisclosures071924.pdf

Information Bulletins are designed to provide our agents with information we think will help in managing their business or just being better title professionals, but which does not rise to the level of being an underwriting mandate and are not within the scope of the agency agreement.

Ordinances:

§ 367.12 Certificate of Disclosure for Real Property and Notice of Violation; Fee

- (a) No person, agent, firm or corporation shall sell or transfer real property, or enter into a contract for the sale or transfer of real property without furnishing to the purchaser a Certificate of Disclosure addressing the condition of the property, including its current lead status for real property with rental units, which Certificate shall be in a form prescribed by the Director of Building and Housing. The Certificate of Disclosure shall include all active Notices of Violation associated with the property. No transfer shall be completed without the furnishing of the Certificate of Disclosure. If the purchaser or transferee is not provided with the Certificate required by this section, the purchaser or transferee may rescind any agreement for purchase, and, if the transfer has been completed, shall have the right to demand that the transferor accept a transfer of the interest conveyed in the property and may file in any court with jurisdiction to specifically enforce that right.
- (b) A request for a Certificate of Disclosure shall be accompanied by a nonrefundable fee of sixty dollars (\$60.00).
- (c) The requirements of division (a) and (b) of this Section <u>367.12</u> shall not apply when the real property at subject is a vacant lot, defined as a parcel that does not contain any permanent lawful occupied structure; or when both parties to the sale or transfer or contract for sale or transfer are Governmental Entities.

§ 367.13 Disbursal of Funds from Escrow Agent

No person, firm or corporation acting in the capacity of an escrow agent in any real estate transaction involving the sale of a dwelling building or structure situated in the City shall disburse any funds unless the provisions of Section 367.12 have been met.

Information Bulletins are designed to provide our agents with information we think will help in managing their business or just being better title professionals, but which does not rise to the level of being an underwriting mandate and are not within the scope of the agency agreement.