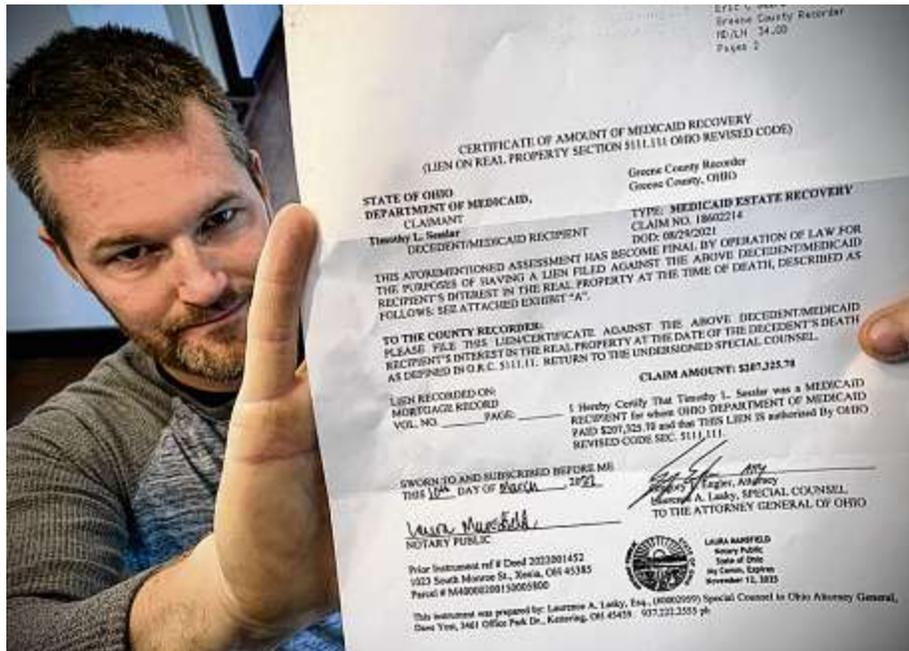


Man buys home, hit with lien from ex-owner's debt

XENIA



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MARSHALL GORBY / STAFF

BY JOSH SWEIGART AND LONDON BISHOP - STAFF WRITERS

Bryan Lutes paid \$72,500 for a Xenia home in January with the hopes of turning it into a bed and breakfast or maybe flipping it.

Those plans came to a halt in August when he learned the state of Ohio placed a \$207,325 lien on the property to recover unpaid Medicaid debt from the previous homeowner.

Lutes says the Ohio Attorney General's Office initially told him it was his responsibility to pay it, or get the sellers to pay it. The lien was removed from the property after the AG's office was contacted by the Dayton Daily News.

Now Lutes wants to know how this even happened in the first place, and if it could happen to someone else.

“I did everything by the book,” he said. “I’ve gotten all the permits.

I got the title insurance. I had the title search. I had the Realtor. I didn’t know the seller.

I did everything that I should have done.

“Apparently in Ohio even if you do everything right there’s still that risk that you’re going to get burned.”

Officials with the attorney general’s office said: “The property was left to transfer on death to someone who promptly sold it without giving the required notice to Medicaid.”

“This does not happen often,” said AG’s office spokeswoman Hannah Hundley.

The individuals who sold the property could not be reached for comment.

Records show the former owner of the property died in August 2021.

Greene County Auditor’s Office records show the property transferred to several people after the previous owner’s death. They then sold it to a holding company owned by Lutes in January 2022 for \$72,500.

Lutes said he found the property on Realtor.com, called his Realtor and the purchase process was typical.

They did a title search, obtained title insurance and bought it.

Lutes said they initially considered making it a Airbnb but decided that was too complicated and started renovating it to resell.

“I tore all the walls out, all the electrical, all the plumbing. Redid the whole house,” he said.

Greene County Recorder's Office records show that in March 2022, seven months after the previous owner died, the Ohio Attorney General's Office filed a Medicaid estate recovery lien on the property for \$207,325.

Lutes said he first learned of the lien in August of this year. He contacted the state's attorney and was told they have a year to apply the lien, Lutes said.

"(The attorney) said, 'It's unfortunate. Obviously you're the innocent party here. But the state has a year to put the lien on the property,' " Lutes said. "So his recommendation was that I write letters to the people who sold it to us and ask them to go ahead and settle the lien."

The assistant attorney general Lutes says he spoke to declined to comment for this story.

Lutes wrote to the people from whom he bought the house. He read the letter he received to the Dayton Daily News, which said there was no lien on the property when they sold it, so they aren't responsible for it, and they didn't have any money to pay it.

Lutes contacted his title insurance company. He showed their response as well, denying his claim saying that they aren't responsible because the lien didn't exist until after the policy was issued.

After being told he had to pay the lien or get someone else to pay it for more than a month, Lutes was notified on Sept. 26 that he was being released from the lien.

This was one business day after the Dayton Daily News contacted the AG's office providing Lutes' information and requesting an interview about the situation.

Officials from the AG's office said they removed the lien after researching the matter further and determining Lutes wasn't responsible for it.

The office would not do an interview but answered emailed questions.

Attorney General's Office officials say Medicaid liens are all filed by outside counsel and there is no way to calculate how many are filed or for how much in a given year.

“Timelines for liens being placed on a property vary based on when and if (Ohio Medicaid) notifies our office of someone passing,” Hundley said.

She said a lien shouldn’t transfer with a property after a sale between unconnected people. At that point, it would be paid by the seller and the estate.

“In this case, the sellers are the ones who are unjustly enriched at this point,” she said. “The affidavit will be removed from Mr. Lutes’ property. Nothing was forgiven. We will pursue the two individuals who sold the property and received the funds that should have gone to Medicaid.”