

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass
Vote:	7 - 0 - 2
Yeas:	Gilliam, Krieger, Riley, Smith J., Whisnant, Wingard, Holvey
Nays:	0
Exc.:	Matthews, Tomei
Prepared By:	Patrick Brennan, Administrator
Meeting Dates:	2/15, 2/17

WHAT THE MEASURE DOES: Stipulates that the requirement to provide certain notices to tenants of foreclosed properties apply only to residential tenants. Prescribes the form to be used for the required notice. Specifies that if tenant elects to apply prepaid rent or security deposit to their rent obligation, the purchaser of the property at a trustee's sale is not obligated to return the security deposit or prepaid rent to the tenant. Declares an emergency and takes effect upon passage.

ISSUES DISCUSSED:

- Purpose of the required notice
- Responsibilities of new owners following foreclosure

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Senate Bill 952 (2009) provided additional rights to tenants living in residential properties subject to a foreclosure sale. Prior to passage of the measure, once a property was foreclosed the tenants were given 30 days notice of the intent to remove tenants in preparation for sale of the property. Senate Bill 952 amended the notice requirement to give tenants additional notice of foreclosure proceedings and provided new requirements for the return of a tenant's prepaid rent or security deposit. Federal legislation passed in 2009 also provided new protection for tenants in foreclosure.

Since the passage of state and federal legislation in 2009, several questions of application and interpretation have arisen. Senate Bill 1013-A revises the required notice to be provided to tenants of a foreclosed dwelling and clarifies that the notice requirement applies only to residential tenants of the property. The measure also clarifies the provisions in current law relating to the application of prepaid rents or security deposits to alleviate potential conflict and confusion.