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HOUSE BILL NO. 1623

Offered January 11, 2017

Prefiled January 4, 2017

A *BILL to amend and reenact §§ 55-225.10 and 55-507 of the Code of Virginia, relating to residential rental property.*

Patron—Yancey

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

**1. That §§ 55-225.10 and 55-507 of the Code of Virginia are amended and reenacted as follows:
§ 55-225.10. Notice to tenant in event of foreclosure.**

A. The landlord of a dwelling unit subject to this chapter shall give written notice to the tenant or any prospective tenant of such dwelling unit that the landlord has received a notice of a mortgage default, mortgage acceleration, or foreclosure sale relative to the loan on the dwelling unit within five business days after written notice from the lender is received by the landlord. This requirement shall not apply (i) to any managing agent who does not receive a copy of such written notice from the lender or (ii) if the tenant or prospective tenant provides a copy of the written notice from the lender to the landlord or the managing agent.

B. If the landlord fails to provide the notice required by this section, the tenant shall have the right to terminate the rental agreement upon written notice to the landlord at least five business days prior to the effective date of termination. If the tenant terminates the rental agreement, the landlord shall make disposition of the tenant's security deposit in accordance with law or the provisions of the rental agreement, whichever is applicable.

C. ~~If the dwelling unit is foreclosed upon and there is a tenant lawfully residing in the dwelling unit on the date of foreclosure, the tenant may remain in such dwelling unit as a tenant only pursuant to the Protecting Tenants at Foreclosure Act, P.L. No. 111-22, § 702, 123 Stat. 1632, 1660 (2009), and provided the tenant remains in compliance with all of the terms and conditions of the lease agreement, including payment of rent.~~

§ 55-507. Transfer of deposits upon purchase.

The *current* owner of rental property shall transfer any security deposits and any accrued interest on the deposits in his possession to the new owner at the time of the transfer of the rental property. *If the current owner has entered into a written property management agreement with a managing agent in accordance with the provisions of subdivision E of § 54.1-2135, the current owner shall give written notice to the managing agent requesting payment of such security deposits to the current owner prior to settlement with the new owner. Upon receipt of the written notice, the managing agent shall transfer the security deposits to the current owner and provide written notice to each tenant that his security deposit has been transferred in accordance with this section.*

INTRODUCED

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