

Department of Planning and Budget 2017 Fiscal Impact Statement

1. **Bill Number:** HB1623

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. **Patron:** Yancey

3. **Committee:** Passed Both Houses

4. **Title:** Residential rental property.

5. **Summary:** Removes a provision that allows a tenant to remain in a dwelling unit that has been foreclosed upon pursuant to the federal Protecting Tenants at Foreclosure Act. The Act expired on December 31, 2014, and is no longer in effect. The bill also requires a current owner of rental property who has entered into a written property management agreement with a managing agent and who has subsequently entered into a purchase agreement with a new owner to give written notice to the managing agent requesting payment of security deposits to the current owner prior to settlement with the new owner. The bill requires the managing agent to transfer the security deposits to the current owner and provide written notice to each tenant that his security deposit has been transferred. The bill also provides that if there is in effect at the date of the foreclosure sale a tenant in the foreclosed residential dwelling unit, the foreclosure will act as a termination of the rental agreement by the owner. In such case, the tenant may remain in the unit as a month-to-month tenant on the terms of the terminated rental agreement until the new owner gives notice of termination. If the new owner elects to terminate the month-to-month tenancy, written notice of the termination will be given in accordance with the rental agreement. Unless or until the new owner terminates the month-to-month tenancy, the terms of the terminated rental agreement remain in effect except that the tenant will make rental payments to the new owner as directed in a written notice to the tenant; (ii) to the managing agent of the owner, if any, or new owner; or (iii) into a court escrow account; however, there is no obligation of a tenant to file a tenant's assertion and pay rent into escrow. Where there is not a managing agent designated in the terminated rental agreement, the tenant will remain obligated for payment of the rent but will not be held to be delinquent or assessed a late charge until the new owner provides written notice identifying the name, address, and telephone number of the party to which the rent should be paid. The new owner may enter into a new rental agreement with the tenant in the dwelling unit, in which case, upon the commencement date of the new rental agreement, the month-to-month tenancy will terminate.

6. **Budget Amendment Necessary:** No.

7. **Fiscal Impact Estimates:** Final. No state fiscal impact.

8. **Fiscal Implications:** It is anticipated that this bill will not result in a fiscal impact to the Department of Professional and Occupational Regulation.

9. Specific Agency or Political Subdivisions Affected: Department of Professional and Occupational Regulation.

10. Technical Amendment Necessary: No.

11. Other Comments: None.