

## **Department of Planning and Budget**

### **2017 Fiscal Impact Statement**

**1. Bill Number:** SB966

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Obenshain

**3. Committee:** General Laws and Technology

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

**5. Summary:** Provides that if a residential dwelling unit is foreclosed upon and there is a tenant living in the dwelling unit at the time of the foreclosure, the foreclosure shall act as a termination of the rental agreement by the landlord. The bill allows the tenant to pay any rent that may be due prior to the date upon which the tenancy will terminate (i) to the successor landlord; (ii) to the managing agent of the landlord or successor landlord, if any; or (iii) into a court escrow account pursuant to the provisions of § 55-225.12. The bill also provides that, if there is in effect at the date of the foreclosure sale a written property management agreement between the landlord and a real estate licensee licensed pursuant to the provisions of § 54.1-2106.1, the foreclosure shall convert the property management agreement into a month-to-month agreement between the successor landlord and the real estate licensee acting as a managing agent, except in the event that the terms of the original property management agreement between the landlord and the real estate licensee acting as a managing agent require an earlier termination date. The bill permits a real estate licensee acting on behalf of a landlord client as a managing agent who elects to terminate the property management agreement to transfer any funds held in escrow by the licensee to the landlord client without his consent, provided that the real estate licensee provides written notice to each tenant that the funds have been so transferred. The bill provides immunity, in the absence of gross negligence or intentional misconduct, to any such licensee acting in compliance with the provisions of § 54.1-2108.1. The bill clarifies that a tenant residing in a dwelling unit that has been foreclosed upon is eligible to file an assertion pursuant to § 55-225.12 and that a court may order any moneys accumulated in escrow to be paid to the successor landlord or the successor landlord's managing agent, if any. Finally, the bill 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.

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

**7. Fiscal Impact Estimates:** 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. The bill amends the Code relating to the foreclosure of residential rental property.
- 9. Specific Agency or Political Subdivisions Affected:** Department of Professional and Occupational Regulation.
- 10. Technical Amendment Necessary:** No.
- 11. Other Comments:** None.