

HCS HB 836 & 753 -- FORECLOSURE SALE NOTICE FOR TENANTS

SPONSOR: Hoskins, 80 (Curls)

COMMITTEE ACTION: Voted "do pass by consent" by the Special Committee on Urban Issues by a vote of 9 to 0.

In cases where a foreclosed property is lawfully occupied by a residential tenant who is not in violation of any lease agreement, this substitute prohibits any unlawful detainer action, including eviction, to be taken against the tenant until 10 days after the date that the foreclosure sale occurred. After a foreclosure sale, the new owner of the property must provide the tenant written notice of the foreclosure sale, that he or she is the new owner, and that the tenant has 10 days to vacate the property. The tenant must receive notice by mail and by a posting at the property. The tenant will be responsible for paying rent to the new owner at a rate equal to or less than the rate paid to the previous owner.

FISCAL NOTE: No impact on state funds in FY 2010, FY 2011, and FY 2012.

PROPOSERS: Supporters say that the bills seek to protect consumers by trying to provide adequate notice to tenants involved in a rental foreclosure. Many other states have enacted or have pending legislation regarding tenant notification. Many of the foreclosures for landlords are due to sub-prime loans. Ninety days' notice is appropriate for a tenant who has lost his or her security deposit to find another place to live and save money for a new security deposit. Foreclosures supersede all tenant rights and leases.

Testifying for the bills were Representatives Curls and LeBlanc; City of Kansas City; Paraquod; St. Louis County Municipal League; and Zachary Schmook, Metro St. Louis Equal Housing Opportunity Council.

OPPOSERS: Those who oppose the bills say that changing the current foreclosure law to vacate in 20 days is better than 90 days. The longer it takes to have a tenant vacate a property puts the banks and the new owners at risk and negatively impacts the property for market purposes. A better solution would be to give the tenant, in the unlawful detainer section of law, 45 days after the date of the foreclosure sale.

Testifying against the bills were Missouri Credit Union System; Mortgage Bankers Association of Missouri; and Missouri Bankers Association.

OTHERS: Others testifying on the bills provided an explanation of the provisions in the bills.

Testifying on the bills was Michael Duffy.