

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

House Bill 733 (Delegate Lafferty, *et al.*)
Environmental Matters

Real Property - Tenants in Foreclosure Protection Act

This bill establishes that a foreclosure sale of residential property is subject to a tenancy entered into prior to the mailing of the notice of intent to foreclose. The purchaser of the property at the foreclosure sale is substituted as the landlord, and the lease terminates not later than three months after the date of the sale, unless the parties agree to extend or renew it.

Fiscal Summary

State Effect: The bill does not directly affect State finances or operations.

Local Effect: The bill does not directly affect local finances or operations.

Small Business Effect: Potential minimal.

Analysis

Current Law: Residential tenants in the State currently lack the right to remain in a home sold at foreclosure, as a lease entered into between the original owner and a tenant generally does not survive the foreclosure sale. If a tenant fails or refuses to deliver possession of the property to the person who purchases it at the foreclosure sale, the purchaser may file a motion requesting the court to enter a judgment awarding possession.

Background: The District of Columbia's landlord-tenant laws state that a residential tenant cannot be evicted from a rental property prior to the expiration of the tenant's lease as long as the tenant continues to pay rent in a timely manner. In the District of

Columbia, a residential tenant with a valid lease may not be evicted solely because the property has been foreclosed upon. (*See* D.C. Code § 42-3505.01.)

Additional Information

Prior Introductions: None.

Cross File: SB 829 (Senator Lenett) - Judicial Proceedings.

Information Source(s): Judiciary (Administrative Office of the Courts); Department of Labor, Licensing, and Regulation; District of Columbia - Office of the Tenant Advocate; Department of Legislative Services

Fiscal Note History: First Reader - February 24, 2009
ncs/kdm

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