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DIGEST

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DIGEST

Broome (SB 156)

Proposed law provides for residential lessee's right to notification of foreclosure actions.

Proposed law provides that, prior to entering into a lease agreement and during the term of a lease agreement for a residential dwelling, the lessor shall disclose in writing to the prospective lessee any pending foreclosure action to which the residential dwelling is subject, and the right of the lessee to receive notification of a foreclosure action pursuant to proposed law.

Proposed law provides that, within seven calendar days after being served pursuant to Code of Civil Procedure Article 2293 with a notice of seizure in a foreclosure action, a lessor of a residential dwelling subject to a notice of seizure in a foreclosure action shall provide written notice of the seizure to all lessees of the premises.

Provides that the written disclosure required under proposed law shall be signed by the lessor and shall include the name of the district court in which the foreclosure action is pending, the case name and docket number and the following statement:

"This is not a notice to vacate the premises. This notice does not mean ownership of the building has changed. All lessees are still responsible for payment of rent and other obligations under the rental agreement. The lessor is still responsible for his obligations under the rental agreement. You will receive additional notice if there is a change in owner".

Proposed law provides that, if a lessee in a civil legal proceeding against a lessor establishes that a violation of proposed law occurred, the lessee shall be entitled to recover two hundred dollars in damages, in addition to any other damages or remedies and costs to which the lessee may also be entitled.

Further provides that the requirements of proposed law shall apply to all lessors in residential leases, including lessors who are leasing residential dwellings subject to a federally-related mortgage loan, as defined by 12 USC 2602, or who have entered into a housing assistance payments contract with the public housing agency to receive housing subsidies on behalf of a lessee, and to all lessees in residential leases, including such lessees receiving vouchers or housing assistance pursuant to Section 8 of the United States Housing Act of 1937.

Provides that the proposed law notice requirements shall not apply to a federally insured financial institution which is asserting its rights as an assignee of a lessor whose property is under foreclosure or as a mortgage holder.

Effective August 1, 2013.

(Adds R.S. 9:3260.1)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Judiciary A to the original bill

1. Limits proposed notice requirements to lessors entering into a lease agreement with a prospective lessee for a residential dwelling unit within a multi-family residential dwelling, and only if a foreclosure action is pending prior to the lessor entering into a lease agreement with the prospective lessee.
2. Deletes proposed notice requirement for lessor to notify any third party who has a consistent pattern and practice of paying rent to the owner or lessor on behalf of a lessee or tenant.
3. Deletes all references in the bill to "owners" or "tenants".
4. Deletes option that lessee may in writing terminate the lease agreement if the lessor does not provide the required written disclosures.
5. Revises language to provide that proposed law shall apply to all lessors and lessees in residential leases involving multi-family residential dwellings subject to a federally-related mortgage loan and to all multi-family residential dwelling lessees receiving vouchers or housing assistance dollars pursuant to Section 8 of the United States Housing Act of 1937.
6. Adds that proposed law shall not apply to a federally insured financial institution which is asserting its rights as an assignee of a lessor whose property is under foreclosure or as a mortgage holder.

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Civil Law and Procedure to the engrossed bill.

1. Removed designation of "multi-family residential dwelling" making provisions applicable to leases of all residential property.
2. Expanded requirement that notice be given prior to entering into a lease agreement to notice of foreclosure being required during the term of the lease agreement as well