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## **OLR Bill Analysis**

### **HB 6437**

#### ***AN ACT REQUIRING LANDLORDS TO NOTIFY TENANTS OF FORECLOSURE PROCEEDINGS.***

#### **SUMMARY**

This bill requires property owners and landlords renting out residential dwelling units in buildings subject to a foreclosure proceeding to provide notice of the proceeding to certain parties. Landlords must provide this notice to prospective tenants, while owners must notify the Department of Housing (DOH) commissioner, the chief executive of the municipality where the property is located, and all current tenants.

Under the bill, a tenant whose dwelling unit is subject to a foreclosure proceeding may file for a court-appointed receiver to collect rent until the proceeding is resolved.

The bill also makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2021, except the requirement that landlords notify prospective tenants and a conforming change are effective July 1, 2021.

#### **NOTICE TO PROSPECTIVE TENANTS**

The bill requires landlords to provide written notice to prospective tenants before entering into a rental agreement for a dwelling unit located in a building that (1) has been foreclosed on or (2) is subject to a pending foreclosure proceeding.

By law, a “dwelling unit” is any house or building, or portion of it, that is occupied, designed to be occupied, or rented, leased, or hired out to be occupied, as a home or residence of one or more individuals.

A “landlord” is the owner, lessor, or sublessor of the dwelling unit,

the building of which it is a part, or the premises.

An “owner” is one or more individuals jointly or severally, with all or part of the (1) legal title to property or (2) beneficial ownership and a right to present use and enjoyment of the premises and includes a mortgagee in possession.

### **NOTICE TO CURRENT TENANTS AND OTHER PARTIES**

The bill requires owners of a dwelling unit that is subject to a pending foreclosure proceeding to provide written notice within 10 days after receiving notice of the proceeding to (1) the DOH commissioner, (2) the chief executive officer of the municipality where the property is located, and (3) all tenants residing in the dwelling. The bill requires the DOH commissioner to post the notice on the department’s website within 10 business days after receiving it.

Under existing law, tenants of foreclosed residential properties must receive notice:

1. at the time of succession (contact information for property management personnel) (CGS § 47a-6) or
2. when a successor in interest chooses to evict them (90 days' notice to vacate) (CGS § 49-31p).

### **COURT-APPOINTED RECEIVERSHIP**

The bill allows tenants whose units are subject to a foreclosure proceeding to seek a court order appointing a receiver to collect rent until the proceeding is resolved. To do so, tenants must institute an action in the Superior Court that has jurisdiction over housing matters in the judicial district where the property is located (i.e., either housing court or judicial district court, depending on the district). To institute an action under the bill, tenants must (1) pay a \$25 entry fee, which may be waived under certain circumstances, and (2) file a complaint under oath with the court clerk that includes the certain information. This information includes:

1. the tenant’s name,

2. the owner's name,
3. the property address,
4. a copy of the written foreclosure notice the owner provided,  
and
5. the rent due dates and amount under the rental agreement.

Under the bill, relief awarded through this judicial process is limited to court-appointed receivership of rent during the foreclosure proceeding. (The bill does not specify what happens once the proceeding is resolved.)

**COMMITTEE ACTION**

Housing Committee

Joint Favorable

Yea 12    Nay 3    (03/09/2021)