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**STATE OF RHODE ISLAND**

**IN GENERAL ASSEMBLY**

**JANUARY SESSION, A.D. 2014**

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A N A C T

RELATING TO PROPERTY - LANDLORD AND TENANT ACT

Introduced By: Senators Metts, Pichardo, Crowley, Jabour, and Doyle

Date Introduced: March 04, 2014

Referred To: Senate Judiciary

It is enacted by the General Assembly as follows:

1           SECTION 1. Sections 34-18-20 and 34-18-23 of the General Laws in Chapter 34-18  
2 entitled "Residential Landlord and Tenant Act" are hereby amended to read as follows:

3           **34-18-20. Disclosure.** -- (a) A landlord or any person authorized to enter into a rental  
4 agreement on his or her behalf shall disclose to the tenant in writing, at or before the  
5 commencement of the tenancy, the name, address and number of:

6           (1) The person authorized to manage the premises; and

7           (2) An owner of the premises or a person authorized to act for and on behalf of the  
8 owner for the purpose of service of process and receiving and receipting for notices and demands.

9           (b) The information required to be furnished by this section shall be kept current. This  
10 section extends to and is enforceable against any successor landlord, owner, or manager.

11           (c) A person who fails to comply with subsection (a) of this section becomes an agent of  
12 each person who is a landlord for:

13           (1) Service of process and receiving and receipting for notices and demands; and

14           (2) Performing the obligations of the landlord under this chapter and under the rental  
15 agreement and expending or making available for the purpose of all rent collected from the  
16 premises.

17           (d) A landlord who becomes delinquent on a mortgage securing real estate upon which  
18 the dwelling unit is located for a period of one hundred twenty (120) days shall notify the tenant  
19 that the property may be subject to foreclosure; and until the foreclosure occurs the tenant must

1 [continue to pay rent to the landlord as provided under the rental agreement.](#)

2 **34-18-23. Limitation of liability upon sale or change of management.** -- (a) (1) A  
3 landlord who conveys premises that include a dwelling unit subject to a rental agreement in a  
4 good faith sale to a bona fide purchaser is relieved of liability under the rental agreement and this  
5 chapter as to events occurring after written notice to the tenant of the conveyance. In no event  
6 may the relief from liability predate the conveyance itself.

7 (2) Written notice, for purposes of this section, must include the name(s), address, and  
8 telephone number of the person or persons purchasing the property and assuming liability. To be  
9 effective, the written notice must also certify compliance with section 45-24.3-17 which prohibits  
10 sale or lease of property until any outstanding housing code violations have been corrected or the  
11 seller or lessor has provided to the buyer or lessee, as well as to the enforcing officer, all notices  
12 regarding violations, as required by the statute.

13 (b) A manager of premises that include a dwelling unit is relieved of liability under the  
14 rental agreement and this chapter as to events occurring after written notice to the tenant of the  
15 termination of his or her management. The written notice must include the name(s), address, and  
16 telephone number of the person or persons assuming management and/or the person or persons  
17 within the state exercising ownership or responsibility over the property.

18 (c) Nothing in this section shall be construed to affect the tenant's rights and duties under  
19 an existing rental agreement, and the purchaser of property [or any immediate successor in interest](#)  
20 [to a mortgagor, other than a third-party bona fide purchaser, of a premises containing four \(4\) or](#)  
21 [fewer dwelling units](#) takes title subject to the same rights and responsibilities toward the tenant  
22 which the seller [or mortgagor](#) had.

23 SECTION 2. Chapter 34-18 of the General Laws entitled "Residential Landlord and  
24 Tenant Act" is hereby amended by adding thereto the following sections:

25 **34-18-38.1. Definitions for purpose of the eviction of tenants in residential foreclosed**  
26 **properties.** -- (a) [As used in § 34-18-38.2, the following words shall, unless the context clearly](#)  
27 [requires otherwise, have the following meanings:](#)

28 [\(1\) "Bona fide lease" or "bona fide tenancy" means a lease or tenancy shall not be](#)  
29 [considered bona fide unless:](#)

30 [\(i\) The mortgagor, or the child, spouse or parent of the mortgagor under the contract, is](#)  
31 [not the tenant; and](#)

32 [\(ii\) The lease or tenancy was the result of an arms-length transaction; and](#)

33 [\(iii\) The lease or tenancy requires the receipt of rent that is not substantially less than fair](#)  
34 [market rent for the property, or the dwelling unit's rent is reduced or subsidized due to a federal,](#)

1 state or local subsidy.

2 (2) "Entity" means a business organization, or any other kind of organization including,  
3 without limitation, a corporation, partnership, trust, limited liability corporation, limited liability  
4 partnership, joint venture, sole proprietorship or any other category of organization and any  
5 employee, agent, servant or other representative of such entity.

6 (3) "Eviction" means an action, without limitation, by a foreclosing owner of a housing  
7 accommodation which is intended to actually or constructively evict a tenant or otherwise compel  
8 a tenant to vacate such housing accommodation.

9 (4) "Foreclosing owner" means an entity that holds title in any capacity, directly or  
10 indirectly, without limitation, whether in its own name, as trustee or as beneficiary, to a housing  
11 accommodation that has been foreclosed upon and either:

12 (i) Held or owned a mortgage or other security interest in the housing accommodation at  
13 any point prior to the foreclosure of the housing accommodation or is the subsidiary, parent,  
14 trustee, or agent thereof; or

15 (ii) Is an institutional mortgagee that acquires or holds title to the housing  
16 accommodation within three (3) years of the filing of a foreclosure deed on the housing  
17 accommodation; or

18 (iii) Is the federal national mortgage association or the federal home loan mortgage  
19 corporation.

20 (5) "Foreclosure" means an action to terminate a mortgagor's interest in property by sale  
21 of property pursuant to a power of sale in a mortgage, as described in § 34-11-22 or conveyance  
22 of the property by the mortgagor in lieu of foreclosure or an action filed in court pursuant to § 34-  
23 27-1.

24 (6) "Housing accommodation" means a building or structure containing four (4) or fewer  
25 dwelling units, or part thereof of land appurtenant thereto, and any other real or personal property  
26 used, rented or offered for rent for living or dwelling purposes, together with all services  
27 connected with the use or occupancy of such property.

28 (7) "HUD" means the United States Department of Housing and Urban Development and  
29 any successor to such department.

30 (8) "Institutional mortgagee" means an entity or an entity which is the subsidiary, parent,  
31 trustee to such entity, that holds or owns mortgages or other security interests in three (3) or more  
32 housing accommodations or that acts as a mortgage servicer of three (3) or more mortgages of  
33 housing accommodations.

34 (9) "Just cause" means one of the following:

1           (i) The tenant has failed to pay rent in effect prior to the foreclosure, as long as the  
2 foreclosing owner notified the tenant in writing of the amount of rent that was to be paid and to  
3 whom it was to be paid;

4           (ii) The tenant has materially violated either an express or legally required obligation or  
5 covenant of the tenancy or occupancy, other than the obligation to surrender possession upon  
6 proper notice, and has failed to cure such violation within thirty (30) days after having received  
7 written notice thereof from the foreclosing owner;

8           (iii) The tenant is committing a nuisance in the unit; is permitting a nuisance to exist in  
9 the unit; is causing substantial damage to the unit or is creating a substantial interference with the  
10 quiet enjoyment of other occupants;

11           (iv) The tenant is using or permitting the unit to be used for any illegal purpose;

12           (v) The tenant who had a written bona fide lease or other rental agreement which  
13 terminated, on or after July 1, 2014, has refused, after written request or demand by the  
14 foreclosing owner, to execute a written extension or renewal thereof for a further term of like  
15 duration and in such terms that are not inconsistent with this chapter;

16           (iv) The tenant has refused the foreclosing owner reasonable access to the unit for the  
17 purpose of making necessary repairs or improvement required by the laws of the United States,  
18 the state of Rhode Island or any subdivision thereof, or for the purpose of inspection as permitted  
19 or required by agreement or by law or for the purpose of showing the unit to a prospective  
20 purchaser or mortgagee;

21           (vii) The foreclosing owner: (A) Seeks to permanently board up or demolish the premises  
22 because the premises has been cited by a state or local minimum housing code enforcement  
23 agency for substantial violations affecting the health and safety of tenants and it is economically  
24 not feasible for the foreclosing owner to eliminate the violations; or (B) Seeks to comply with a  
25 state or local minimum housing code enforcement agency that has cited the premises for  
26 substantial violations affecting the health and safety of tenants and it is not feasible to so comply  
27 without removing the tenant; or (C) Seeks to correct an illegal occupancy because the premises  
28 has been cited by a state or local minimum housing code enforcement agency or zoning official  
29 and it is not feasible to correct such illegal occupancy without removing the tenant; and provided  
30 further that nothing in this section shall limit the rights of a third-party owner to evict a tenant at  
31 the expiration of an existing lease.

32           (10) "Mortgagee" means an entity to whom property is mortgaged, the mortgage creditor  
33 or lender including, but not limited to, mortgage services, lenders in a mortgage agreement and  
34 any agent, servant or employee of the mortgagee or any successor in interest or assignee of the

1 mortgagee's rights, interests or obligations under the mortgage agreement.

2 (11) "Mortgage servicer" means an entity which administers or at any point administered  
3 the mortgage; provided, however, that such administration shall include, but not be limited to,  
4 calculating principal and interest, collecting payments from the mortgager, acting as escrow agent  
5 or foreclosing in the event of a default.

6 (12) "Tenant" means a person or group of persons, who at the time of foreclosure, is  
7 entitled to occupy a housing accommodation pursuant to a bona fide lease or tenancy. A person  
8 who moves into the housing accommodation owned by the foreclosing owner, subsequent to the  
9 foreclosure sale, without the express written permission of the foreclosing owner shall not be  
10 considered a tenant under this section.

11 (13) "Unit" or "residential unit" means the room or group of rooms within a housing  
12 accommodation which is used or intended for use as a residence by one household.

13 **34-18-38.2. Just cause needed for eviction of foreclosed residential property tenants.**

14 -- (a) Notwithstanding any provision of the general or public laws to the contrary, a foreclosing  
15 owner shall not evict a tenant except for just cause, or unless a binding purchase and sale  
16 agreement has been executed for a bona fide third party to purchase the housing accommodation  
17 from a foreclosing owner, and the foreclosing owner has disclosed to the third-party purchaser  
18 that said purchaser may be responsible for evicting the current occupants of the housing  
19 accommodation after the sale occurs; or with respect to a housing accommodation in a housing  
20 accommodation insured by the Federal Housing Administration, unless HUD denies a request by  
21 any tenant for an occupied conveyance or if a tenant does not submit to HUD a request for  
22 continued occupancy before the deadline set forth in a notice to occupants of pending acquisition  
23 delivered to the tenant by the foreclosing owner.

24 (b) Within thirty (30) days of the foreclosure, the foreclosing owner shall post in a  
25 prominent location in the building in which the rental housing unit is located, a written notice  
26 stating:

27 (1) The names, addresses, telephone numbers and telephone contact information of the  
28 foreclosing owner, the building manager or other representative of the foreclosing owner  
29 responsible for the management of such building;

30 (2) The address to which rent charges shall be sent;

31 (3) That in order to remain on the premises as a tenant of the foreclosing owner, the  
32 household must submit within thirty (30) days a completed form to be provided with said written  
33 notice to the same address where rent charges shall be sent, said form to be substantially similar  
34 to the request for continued occupancy form used by HUD and shall contain an authorization to

1 conduct a credit check of the person or persons submitting the form. This requirement shall be  
2 satisfied if the foreclosing owner or someone acting on his/her behalf has:

- 3 (i) Posted the notice in a prominent location in the building;
- 4 (ii) Mailed the notice by first class mail to each unit; and
- 5 (iii) Slid the notice under the door of each unit in the building a document stating the  
6 names, addresses, and telephone contact information of the foreclosing owner, the building  
7 manager or other representative of the foreclosing owner responsible for the management of such  
8 building and stating the address to which rent and use and occupancy charges shall be sent.

9 (c) A foreclosing owner shall not evict a tenant except for actions that constitute just  
10 cause, and:

11 (1) A foreclosing owner shall not evict a tenant for the following actions that constitute  
12 just cause until thirty (30) days after the notice required by subsection (b) of this section is posted,  
13 mailed and delivered:

14 (i) The tenant has failed to pay the rent in effect prior to the foreclosure as long as the  
15 foreclosing owner notified the tenant in writing of the amount of rent that was to be paid and to  
16 whom it was to be paid and to whom it was to be paid;

17 (ii) The tenant has materially violated an obligation or covenant of the tenancy or  
18 occupancy, other than the obligation to surrender possession upon proper notice;

19 (iii) The tenant who had a written bona fide lease or other rental agreement which  
20 terminated, on or after July 1, 2014, has refused, after written request or demand by the  
21 foreclosing owner, to execute a written extension or renewal thereof for a further term of like  
22 duration and in such terms that are not inconsistent with this section; and

23 (iv) The foreclosing owner: (A) Seeks to permanently board up or demolish the premises  
24 because the premises has been cited by a state or local minimum housing code enforcement  
25 agency for substantial violations affecting the health and safety of tenants and it is not  
26 economically feasible for the foreclosing owner to eliminate the violations; or (B) Seeks to  
27 comply with a state or local minimum housing code enforcement agency that has cited the  
28 premises for substantial violations affecting the health and safety of tenants and it is not feasible  
29 to so comply without removing the tenant; or (C) Seeks to correct an illegal occupancy because  
30 the premises has been cited by a state or local minimum housing code enforcement agency or  
31 zoning officials and it is not feasible to correct such illegal occupancy without evicting the tenant.

32 (2) A foreclosing owner shall not evict a tenant for the following actions that constitute  
33 just cause until the notice required by subsection (b) is posted and delivered:

34 (i) The tenant is committing a nuisance in the unit; is permitting a nuisance to exist in the

1 unit; is causing substantial damage to the unit or is creating a substantial interference with the  
2 quiet enjoyment of other occupants;

3 (ii) The tenant is using or permitting the unit to be used for any illegal purpose; and

4 (iii) The tenant has refused the foreclosing owner reasonable access to the unit for the  
5 purpose of making necessary repairs or improvements required by the laws of the United States,  
6 the state of Rhode Island or any subdivision thereof, or for the purpose of showing the unit to a  
7 prospective purchaser or mortgagee.

8 (d) The following procedures shall be followed for the eviction of a tenant pursuant to  
9 subsection (c) of this section:

10 (1) For evictions brought pursuant to subsection (c)(1)(i), the foreclosing owner shall  
11 follow § 34-18-35;

12 (2) For evictions brought pursuant to subsection (c)(1)(ii), or subsection (c)(2)the  
13 foreclosing owner shall follow § 34-18-36;

14 (3) For evictions brought pursuant to subsection (c)(1)(iii) or (c)(1)(iv) or for evictions  
15 brought where a binding purchase and sale agreement has been executed for a bona fide third  
16 party to purchase the housing accommodation from a foreclosing owner or for evictions brought  
17 with respect to housing accommodations located in a premises insured by the federal housing  
18 administration as provided in subsection (a), for eviction brought against a tenant who fails to  
19 return the form requesting continued occupancy pursuant to subsection (b), the foreclosing owner  
20 shall follow the procedures for terminating a month to month tenancy set forth in § 34-18-37,  
21 provided that any obligations of the foreclosing owner arising under the federal protecting tenants  
22 at foreclosure act of 2009, as such act is amended and extended from time to time, shall first have  
23 been satisfied; and provided further that in any eviction brought against a tenant pursuant to  
24 subsection (c) the tenant may raise an affirmative defense that the form was not posted or served  
25 upon the tenant as required by subsection (b).

26 (e) A foreclosing owner may evict any person other than a tenant by following the  
27 procedures for terminating a month to month tenancy set forth in § 34-18-37.

28 (f) If a foreclosing owner disagrees with the amount of rent paid by the tenant to the  
29 foreclosing owner, the foreclosing owner may bring a claim in district court to claim that the  
30 rental charge is unreasonable and set a new rental rate. A bona fide lease or bona fide tenancy  
31 between the foreclosed upon owner and the lessee or proof of rental payment to the foreclosed  
32 upon owner shall be presumed to be a reasonable rental rate.

33 (g) Nothing herein shall be deemed to limit the right of any tenant to knowingly waive  
34 the provisions of this section for consideration acceptable to such tenant.

1 (h) Notwithstanding any other provisions of this section, a foreclosing owner shall be  
2 exempt from the requirement of this section if:

3 (1) The foreclosing owner is headquartered in Rhode Island and maintains a physical  
4 office or offices in Rhode Island from which office or offices it carries out full-service mortgage  
5 operations, including the acceptance and processing of mortgage payments and the provision of  
6 local customer service and loss mitigation and where Rhode Island staff have the authority to  
7 approve loan restructuring and other loss mitigation strategies; or

8 (2) The foreclosing owner conducted fewer than fifteen (15) foreclosures in Rhode Island  
9 during the prior calendar year, excluding any conveyances of property by a deed in lieu of  
10 foreclosure.

11 SECTION 3. Chapter 34-27 of the General Laws entitled "Mortgage Foreclosure and  
12 Sale" is hereby amended by adding thereto the following section:

13 **34-27-7. Notice of tenants of foreclosure sale. --** (a) The mortgagee shall provide to  
14 each bona fide tenant a written notice: (1) Stating that the real estate is scheduled to be sold at  
15 foreclosure; (2) Stating the date, time and place initially scheduled for the sale; (3) Informing of  
16 the availability and advisability of counseling and information services; (4) Providing the address  
17 and telephone number of the Rhode Island housing help center and the United Way 2-1-1 center;  
18 (5) Reminding the recipient to continue paying rent to the landlord until the foreclosure sale  
19 occurs; and (6) Stating that this notice is not an eviction notice. The notice shall be mailed by first  
20 class mail at least one business day prior to the first publication of the notice required by § 34-27-  
21 7. A form of written notice meeting the requirements of this section shall be promulgated by the  
22 department of business regulation for use by mortgagees no later than sixty (60) days after the  
23 effective date of this section. The notice may be addressed to "Occupant" and mailed to each  
24 dwelling unit of the real estate identified in the application for the loan secured by the mortgage  
25 being foreclosed. Failure of the mortgagee to provide notice as provided herein shall not affect  
26 the validity of the foreclosure.

27 (b) For purposes of this section, a lease or tenancy shall be considered bona fide only if:

28 (1) The mortgagor or the child, spouse, or parent of the mortgagor under the contract is  
29 not the tenant;

30 (2) The lease or tenancy was the result of an arms-length transaction; and

31 (3) The lease or tenancy requires the receipt of rent that is not substantially less than fair  
32 market rent for the property or the unit's rent is reduced or subsidized due to a federal, state, or  
33 local subsidy.



1 SECTION 4. This act shall take effect upon passage.

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LC004336/SUB A/2  
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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T  
RELATING TO PROPERTY - LANDLORD AND TENANT ACT

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- 1           This act would create a new process for the eviction of residential tenants in mortgage
- 2 foreclosed property which requires the existence of just cause.
- 3           This act would take effect upon passage.

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