

California State Senate



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SENATOR
S. JOSEPH SIMITIAN
ELEVENTH SENATE DISTRICT

September 13, 2012

The Honorable Edmund G. Brown, Jr.
Governor of California
State Capitol, First Floor
Sacramento, CA 95814

Re: SB 1191 — Notice of Default to Tenants

Dear Governor Brown:

I am writing to respectfully request your signature on Senate Bill 1191. Senate Bill 1191 requires landlords to inform prospective tenants, before signing a lease, if the foreclosure process has begun on the property. The measure helps ensure that Californians make rental decisions with full and accurate information about the property that may become their home.

Foreclosures impact not only homeowners, but also renters. As of March 2012, over 180,000 properties were undergoing foreclosure in California, and almost 40 percent of those properties were rentals. In 2010 alone, more than 200,000 California renters were directly affected by foreclosures.

Under existing law, a prospective tenant about to enter into a lease on a property undergoing foreclosure would not receive this information. While landlords have a legitimate interest in renting their property, tenants have a legitimate interest in learning of this crucial fact. While it seems like common sense, a landlord is not required to disclose the foreclosure process to prospective tenants. As a result, tenants often sign leases only to find out that in just a few days or weeks, the property will be up for auction.

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This is problematic because a foreclosure sale can extinguish leases. For example, if the new owner intends to make the property their residence, then existing leases are invalid.

Additionally, during foreclosure tenants face risks and challenges including:

- Loss of their security deposit;
- Decreased services from the landlord;
- Additional moving and refurnishing costs;
- Having to change schools for children; and,
- Uncertainty and potential exposure to bad actors.

Six other cities and states already require this type of disclosure, including Arizona, Chicago, Minnesota, Nevada, Oregon and Vermont. None have reported an increase in foreclosures attributable to the notification.

There is broad support for this legislation. Business groups like the Silicon Valley Leadership Group, the California Apartment Association, and the California Association of Realtors, and tenant advocates like the Western Center on Law & Poverty and the National Housing Law Project are in support.

I respectfully request your signature on SB 1191.

Sincerely,



S. Joseph Simitian
State Senator, Eleventh District

cc: Nancy McFadden, Executive Secretary
Gareth Elliott, Legislative Affairs Secretary
Camille Wagner, Deputy Legislative Affairs Secretary