

# Know Your RIGHTS

## Federal Law Protects Renters During Foreclosure

(NAPS)—There is good news for renters. A new federal law may provide them with more security and peace of mind when their landlords fail to pay their mortgage.

As the number of foreclosures has increased across the country, some renters in good standing have received a nasty surprise—immediate eviction—when the houses, apartments or condos they rented went into foreclosure.

Fortunately, a new federal law helps protect the rights of tenants in properties facing foreclosure, say experts at the Office of the Comptroller of the Currency (OCC). The Protecting Tenants at Foreclosure Act of 2009 establishes national standards to provide renters sufficient notice when foreclosure happens.

The new national standard provides uniform protection to renters who are vulnerable to sudden eviction. The new law states:

- In all cases, renters will get at least a 90-day notice prior to eviction.

- Renters can stay until their lease runs out except when the new owner will occupy the home as a primary residence, when renters have no lease or when renters have only a month-to-month lease. Even for these three exceptions, the 90-day notice still applies.

The new law applies only to a “bona fide” lease or tenancy. Bona fide means:

- The tenant is not the landlord or a child, spouse or parent of the former owner.

- The lease or tenancy is the product of an “arm’s length transaction” with no conflict of interest.



**Experts advise that paying a below-market rent can weaken a renter’s legal standing during a foreclosure.**

- The rent is not substantially less than the fair market price.

- The rent is sharply reduced because of a government subsidy (tenants in Section 8 subsidized housing have separate protections under this law).

OCC experts advise renters to always be aware of their rights, and protect these rights by making sure they stay in good standing with regard to their rental property.

Some tips on how to prove you are in good standing include:

- Sign a written lease.

- Pay your rent on time and in full.

- Use checks rather than cash to provide a record of payment.

- Pay your rent at the market rate. Paying a lower rent to a friend or family member will cut your costs, but may weaken your legal standing during a foreclosure or legal dispute.

- With all legal matters, the OCC encourages you to consult a lawyer.

To learn more about foreclosures and banks in general, go to [www.HelpWithMyBank.gov](http://www.HelpWithMyBank.gov).

### Did You Know?

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