

# ***PROTECTING TENANTS AT FORECLOSURE ACT OVERVIEW AND COMPLIANCE***

**Community Development Forum Webinar  
“The Impact of Foreclosure on Renters”**

**Federal Reserve Bank of Minneapolis**

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**Angelyque Campbell  
Supervisory Policy Analyst  
Division of Consumer and Community Affairs  
Board of Governors of the Federal Reserve System  
[angelyque.p.campbell@frb.gov](mailto:angelyque.p.campbell@frb.gov)**



# Disclaimer

**The views and opinions expressed in the following presentation are those of the author. They do not represent an official position of the Board of Governors or the Federal Reserve System.**

# **Division of Consumer and Community Affairs**

## **MISSION**

**To develop regulations, policies, and programs designed to**

- inform and protect consumers,**
- enforce federal consumer protection laws,**
- strengthen market competition, and**
- promote access to banking services in historically underserved markets.**

# Protecting Tenants at Foreclosure Act of 2009

## Quick Facts

- Provision of SB 896 – Helping Families Save Their Home Act of 2009.
- PTFA signed into law and immediately went into effect on May 20, 2009.
- Establishes 90 days as a minimum time period that renters can remain in foreclosed properties before eviction. (Does not preempt state/local laws with longer time periods or additional protections)
- Dodd-Frank Financial Reform Bill
  - extends the Act's expiration date to Dec. 31, 2014 (from 2012).
  - clarifies the date of a notice of foreclosure as the date of a completed title transfer.
- PTFA is self-executing; no federal agency has authority to issue regulations implementing the law or to interpret the law.

For Analysis and PTFA Resource Materials

*National Low Income Housing Coalition*

<http://www.nlihc.org/template/page.cfm?id=159>

*National Housing Law Project*

<http://www.nhlp.org/node/763>

# What Help Does PTFA Provide for Tenants w/a Valid Lease (“Bona Fide”) ?

- Transfers existing leases (including Section 8 leases) to new property owners after a foreclosure sale.
- Requires a 90-day notices to vacate for bona fide tenants, including ones with month-to-month tenancies after a foreclosure sale.
- Establishes that a foreclosure sale is not “good cause” alone to evict a Section 8 tenant.

# PTFA SUMMARY

- **Requires a 90 day pre-eviction notice for tenants in foreclosed properties.**
- **Extends special protections for HUD Section 8 tenants.**
- **Permits only tenants who currently live in the foreclosed property with a legitimate lease or rental agreement to receive the new federal 90-day notice.**
- **The lease**
  - **must have been entered into without any conflict of interest (“arm’s length transaction) and**
  - **reflect a rental payment not substantially lower than fair market rent (unless the rent is government subsidized).**
  - **is bona fide if the tenant is not the mortgagor or the parent, spouse, or child of the mortgagor.**

# Who PTFA Does Not Cover

## ➤ A tenant

- facing eviction who lives in a non-foreclosed property;
- not current on rental payments at time of foreclosure sale (the new owner can evict under applicable state laws);
- with a fraudulent lease;
- who enters into a lease agreement after the foreclosure sale; or

➤ A homeowner being foreclosed upon (this law protects tenants only).

# **Consumer Affairs Letter 09-05**

## **Issued on July 30, 2009**

**Given the importance of the protections this law provides to tenants, examiners are instructed, as part of consumer compliance examinations, to evaluate**

- an institution's awareness of the law,**
- its efforts to comply, and**
- its responsiveness to addressing implementation deficiencies.**

***<http://www.federalreserve.gov/boarddocs/caletters/2009/0905/caltr0905.htm>***

# Filing a Complaint

If you believe a bank is not complying with the PTFA, you may contact the Federal Reserve for help.



**Call:** 888-851-1920 or TTY (877) 766-8533  
(8 a.m. to 6 p.m. CST)

**Fax:** 877-888-2520

**Email:** [ConsumerHelp@FederalReserve.gov](mailto:ConsumerHelp@FederalReserve.gov)

**Submit Complaint Online:**  
<http://www.federalreserveconsumerhelp.gov>

**Write:** Federal Reserve Consumer Help  
PO Box 1200  
Minneapolis, MN 55480

# What to Include in Your Complaint

- **Your name, address, and telephone number(s).**
- **The complete name and address of the bank involved in your complaint, if known.**
- **The names of those you dealt with at the bank, along with the dates.**
- **A description of the complaint. Tell us what happened. The more information we have about the problem, the faster we can investigate and respond. Include copies of letters or other documents that may help us investigate your complaint. *Please send only copies of documents—do not send your originals.***

# What the Federal Reserve Will Do

## **Federal Reserve Supervised Financial Institution**

We will:

- Investigate your complaint if it concerns a bank supervised by the Federal Reserve.
- Answer your questions about banking practices.
- Explain your rights under federal consumer protection laws.

## **NOT a Federal Reserve Supervised Financial Institution**

We will:

- Connect you with the appropriate federal regulator.

OR

- Forward your complaint to the appropriate federal regulator.

# When To Expect a Response

- Investigations typically take 30 to 60 days to complete.
- If more than 60 days have passed, the Reserve Bank will contact you to let you know the status of its investigation.

# Federal Reserve Online Foreclosure Prevention Resources



## ➤ [Mortgage Foreclosure Resources](#)

Information from the Federal Reserve and other government agencies including resources for consumers and communities and System-wide information from the 12 Reserve Bank Foreclosure Resource Centers.



## ➤ [5 Tips for Protecting Your Home from Foreclosure](#)

[ESPAÑOL](#) 5 Consejos para proteger su casa de la ejecución de su hipoteca (Foreclosure)

## ➤ [5 Tips for Avoiding Foreclosure Scams](#)

[ESPAÑOL](#) 5 Consejos para evitar estafas en la ejecución hipotecaria (Foreclosure)

<http://www.federalreserve.gov/consumerinfo/foreclosure.htm>

**QUESTIONS ?**