



**MANSFIELD
AND
RICHLAND COUNTY
FAIR HOUSING**

Foreclosure Protections for Tenants



Protecting Tenants in Foreclosure Act (“PTFA”)

On May 20, 2009, President Obama signed into federal law a bill containing provisions protecting tenants living in foreclosed buildings. (The Protecting Tenants in Foreclosure Act (“PTFA”) is Title VII of Public Law 111-22). Specifically, the new law states that if a home/building that is currently occupied by renters goes into foreclosure and is subsequently purchased by a new buyer, the buyer must (1) provide legal tenants of the property ninety (90) days’ notice before they can be evicted; and (2) allow tenants with leases to occupy the property until the end of the lease term with the exception that the new buyer may end the lease early if the buyer plans to use the property as his/her residence. In such a situation, the new buyer is still required to provide the tenants with at least ninety (90) days’ notice prior to filing an eviction action.

Protection for Section 8 Tenants

The law also protects Section 8 tenants from losing the ability to have their rent subsidized by the government. Section 8 is a federal HUD program for low-income families that pays a portion of their rent to the landlord through a voucher program. Under the voucher program, individuals or families with a voucher find and lease a rental unit (either in a specified complex or in the private sector) and pay a portion of the rent (based on income, but generally no more than 30 percent of the family's income). Generally, a Section 8 tenant can lose his/her voucher if the tenant is evicted from the property for “good cause.” Good cause is defined by federal statute, and may include failure to pay rent, causing substantial damage, or any other material breach of the lease. Under the PTFA, a new owner who takes ownership of property that houses Section 8 tenants must follow all the provisions and exceptions above. Additionally, the PTFA provides that the new owner wanting the property vacant for re-sale does NOT constitute “good cause” for terminating the lease.

Tenants’ Obligations and Duties

The PTFA does NOT relieve tenants of their obligations under the lease and Ohio law or of their duty to pay rent. Tenants should continue paying rent and performing any other obligations required by the lease and Ohio law as the PTFA does NOT prevent a landlord from seeking eviction (without providing a ninety (90) day notice) through the normal eviction channels in the event a tenant breaches the lease.

If you are unsure who to pay rent to because of a change in ownership, contact your current landlord or the new owner immediately to determine where rent should be paid and to whom. If you pay the wrong party, you could be responsible for a second payment to the correct party for the same month, or you could be subject to eviction for non-payment of rent. It is important to determine to whom rental payments should be made after the change in ownership to avoid double-payment or eviction.

What This Means . . .

The basic provision of this law is to ensure that people who are paying their rent and honoring their leases aren't suddenly thrown out on the street through no fault of their own due to the financial circumstances of their landlord. So what happens if you are renting a home, condo, or apartment and your landlord loses ownership of the property through foreclosure? Unfortunately for some renters in the past they were faced with an eviction notice from the sheriff so that the new property owner through the foreclosure process could take the property free and clear of any other person's interest. Under the PTFA, passed on May 20, 2009, renters have new protections to avoid eviction if ownership of the property they are living in transfers to a mortgage lender, third party purchaser, or investor through foreclosure.

If you have a valid lease—it follows the requirements under Ohio's landlord-tenant act and is in writing if it is for more than one year - the new property owner must allow you to occupy the property until the original lease term expires, unless the new owner wishes to occupy the property as his/her primary residence. So if you are renting a house and it goes into foreclosure and is purchased by a family that wants to move in and live there then the lease can be terminated with ninety (90) days' notice to you. In circumstances where the new owner honors a tenant's lease, the new owner does not have to renew the lease after the current term expires. For example, if the lease is for two years and has an option for renewal on an annual or month-to-month basis thereafter, the new landlord does not have to honor the annual renewals after the initial two year lease expires. Additionally, if the lease is currently on a month-to-month term with no designated length, then the new property owner can provide ninety (90) days' notice to terminate and evict the tenant under the new law.

In summary, if you are renting a property as your primary residence on a fixed-length lease (one-year, two-year, three-year, etc.) and the property is foreclosed, in most circumstances, under the PTFA, you will be allowed to stay for the remainder of the lease. (Exception: if the new property owner wants to move in as their primary residence — then you have 90 days upon eviction notice).

If you are on a month-to-month lease, you must be given 90 days' notice if the property is transferred through foreclosure to a new owner (the owner does not need to move in as principal residence for this to apply). If you are on a Section 8 voucher payment plan then the new owner must continue to accept voucher payments and is subject to the obligations and exceptions of the PTFA as described above. Additionally, it will not be considered "good cause" if the new owner wants to evict a Section 8 tenant because he/she wants the property vacant for re-sale. To enforce the PTFA, a party may initiate a lawsuit in the proper court serving the community where the property is located.



Conciliation

The Civil Rights Commission or HUD will try to reach an agreement with the person(s) your complaint is against (the respondent). A conciliation agreement must protect both you and the public interest. If an agreement is signed, there will be no further action on your complaint. However, if HUD has reasonable cause to believe that a conciliation agreement is breached, The Ohio Civil Rights Commission or HUD will recommend that the Attorney General file suit.

What if you need help quickly?

If you need immediate help to stop a serious problem that is being caused by a Fair Housing Act violation, first contact our local Fair Housing Office at Mansfield Community Development Office at (419) 755-9793, or you can contact either the Ohio Civil Rights Commission or HUD. This information is on the back of this booklet.

Local Fair Housing Contacts

Mansfield and Richland County
City of Mansfield Department of Community Development
30 North Diamond St.
Mansfield, OH 44902
(419) 755-9793

Richland County Regional Planning
Jotika Shetty
19 N. Main St
Mansfield, OH 44902
419-774-5684

Legal Aid
(877) 894-4599

The Ohio Civil Rights Commission, Cleveland Office
615 W. Superior Avenue
Cleveland, OH 44113
(888) 278-7101

The Department of Housing and Urban Development (HUD)
Housing Discrimination Hotline (800) 669-9777