



# Realty Consultants of Prescott, Inc.

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## New tenants' rights after the purchase of a foreclosure

Buying a foreclosure is already a more complicated transaction than most consumers realize. As new regulations come into place, another hurdle is being added for investors attempting to gain occupancy of the home.

Effective immediately, federal law mandates that any residential tenant who resides in a property that is secured by a federally-related mortgage can retain possession of the property for the length of any "bona fide" lease agreement under which they are currently living. An investor could buy a home without the right to rent it to his/her preferred tenants for a year – or more.

Further, if there is no lease or a month-to-month lease in place, the current tenant retains rights to 90 days minimum after the date of foreclosure for occupancy in the home. The normal rules still apply – if a tenant causes damage, becomes a nuisance, etc, they can be evicted through the correct channels. If you've ever been through the eviction process, you know that it usually takes at least 90 days anyway.

If the buyer of the home is planning on occupying the home as a primary residence, the 90 day rule applies. Whether there was no lease in place or a two year lease, the occupant has 90 days after the foreclosure to remain in the home.

This issue is a sticky one, as there are two parties pitted against one another, in which neither is at fault. The renters are paying their rent, and the new owner has paid for the home. Certainly the current occupants deserve some time to transition to other housing when the foreclosure is through no fault of their own. At the same time, a one year lease forced on a new owner is

not exactly the way to bolster confidence in investors who are buying these foreclosures and propping up the real estate market. From:

<http://washington.realestatecenterblog.com/2009/06/12/new-tenants-rights-after-the-purchase-of-a-foreclosure/>

## AZ RENTAL AGREEMENT CHANGE

The Arizona State Rental Agreement form has been amended. The Tenant Attachment has been changed to call attention to the tenant that they are entering into a legally binding agreement. We now have a check list for the tenant before they sign the agreement. I've included this as an attachment for your reference.

## RENTAL AGREEMENT SUMMARY

We have introduced a new rental agreement summary as many of our tenants tend to forget the key elements of the Rental Agreement such as due date for rent, maintaining the premises and use of deposit to name a few.

For your information, the new Rental Agreement Summary is attached along with this newsletter.

