

## **Renters Rights on Foreclosure**

This handout provides basic information for renters when their building has gone into foreclosure. This handout is not intended to provide legal advice for any particular case. For foreclosure advice you should contact an attorney that specializes in landlord/tenant law.

### **How do I know if my building is being foreclosed on?**

The bank is required to give notice of the foreclosure within 20 days of the foreclosure sale. This notice is required to be posted on the building that is the subject of the foreclosure. Foreclosure sales are also posted on line at [www.foreclosurelistings.com](http://www.foreclosurelistings.com)

### **If the building I live in has received a notice of foreclosure sale, does this mean that the bank has the right to evict me? What are my rights?**

In most cases, your existing lease will be terminated by the foreclosure sale, and the new owner can begin the process of eviction by giving you a 30 day notice to vacate. However, there are some exceptions discussed below.

### **In what situations am I protected against eviction?**

- 1) You entered into your lease before the current mortgage was recorded: The first exception applies if you entered into a lease before the mortgage that is the subject of the current foreclosure was finalized. This can occur:
  - If you entered into a lease with a prior owner of the property (e.g. the owner you entered into the lease with is NOT the owner that holds the current mortgage that is the subject of the foreclosure)
    - OR
  - the owner you entered into a lease with, refinanced (took out a loan on the property) the property after you entered into a lease, which resulted in foreclosure,

In such cases,

- The new owner may have to honor the lease or work out an arrangement with you.
- You are responsible to the new owner for rent from the date of sale
- In some cases you may have to pay rent again and then attempt to recover the overpayment from the previous owner.

2) You live in a unit that is a part of a Federal Housing Program

Foreclosure does not automatically terminate a tenancy where a federal housing program requires that the landlord have good cause to terminate.

**Section 8:** During a tenant's initial term on Section 8, good cause is required to terminate a tenancy. Good cause also may be required for tenants that have been on Section 8 for more than one year.

3) You live in a rent controlled unit

Local rent stabilization ordinances can protect a tenant in a controlled unit from eviction. In short, foreclosure may not be a proper ground for eviction in some jurisdictions that have rent control.

**ARE YOU PROTECTED BY RENT CONTROL IN...?**

**Los Angeles:** foreclosure **IS NOT** a basis for eviction. *If you don't know if you are in a rent controlled unit in LA call – (866) 557-7368*

**Santa Monica:** foreclosure **IS NOT** a basis for eviction. *If you don't know if you are in a rent controlled unit in SM call – (310) 458-8751*

**Beverly Hills:** foreclosure **MAY NOT BE** a basis for eviction depending on the nature of the unit you are in. *If you don't know if you are in a protected rent controlled unit in BH call – (310) 285-1119*

**West Hollywood:** foreclosure **MAY NOT BE** a basis for eviction depending on the nature of the unit you are in. *If you don't know if you are in a protected rent controlled unit in WH call – (323) 848-6450*

**What other rights do I have?** Unless the new owner goes through a formal eviction process, the owner cannot: turn off your utilities, change the locks to your unit, or put you out onto the street.

**What about my security deposit?**

- Foreclosure usually does not forgive the previous owner for any security deposits
- You can sue the previous owner, and in some cases the new owner, for damages...so long as the landlord did not declare bankruptcy.

**FREE LANDLORD/TENANT LEGAL ASSISTANCE**

Bet Tzedek – (323) 939-0506

Community Legal Services – (800) 834-5001

Inner City Law Center – (213) 891-2880

Legal Aid Foundation of Los Angeles – (213) 487-3320

Los Angeles Center for Law and Justice – (323) 980-3500

Neighborhood Legal Services of Los Angeles County – (800) 433-6251

Public Counsel Law Center – (213) 385-2977