



FEDERAL RESERVE BANK *of* KANSAS CITY

August 25, 2009

EXAMINATION PROCEDURES FOR THE PROTECTING TENANTS AT FORECLOSURE ACT OF 2009

Attention: Chief Executive Officer of Each Tenth District State Member Bank

In Brief: The Board of Governors of the Federal Reserve System has developed examination procedures that will be used to determine institution's compliance with the Protecting Tenants at Foreclosure Act of 2009. The Federal Reserve has issued these procedures under Consumer Affairs (CA) Letter 09-5.

Highlights: On May 20, 2009, the Helping Families Save Their Homes Act of 2009 was signed into law. Title VII of this law, the Protecting Tenants at Foreclosure Act, provides protections to tenants from eviction as a result of foreclosure on the properties they are renting. These provisions took effect on May 20, 2009, and will expire on December 30, 2012.

The tenant protection provisions apply in the case of any foreclosure on any loan secured by a lien on 1-4 family residential real property, including individual units of condominiums and cooperatives. They provide that "any immediate successor in interest" in such a foreclosed property, including a bank that takes title to a house after foreclosure, will assume the interest subject to the rights of any bona fide tenant and certain notice requirements.

Under this law, the immediate successor in interest must provide tenants with notice at least 90 days before evicting them. Additionally, tenants must be able to stay in the residence until the end of their lease, with two exceptions: (1) where the property is sold after foreclosure to a purchaser who will occupy the property as a primary residence and, (2) where there is no lease (or where the lease is terminable at will under state law). However, even when these exceptions apply, tenants must still receive 90 days' notice before they may be evicted.

Institutions are advised to adopt policies and procedures to ensure compliance with these new tenant protection provisions. The Federal Reserve will evaluate bank compliance in the course of our supervisory process.

Attachment: [CA 09-5](#)

Contact: Questions may be directed to the Consumer Affairs Department at one of the numbers below:

Kansas City Office
(800) 333-1010, ext. 12488

Denver Office
(800) 333-1020, ext. 22605