

A recent client is in an increasingly common predicament. They rented a property, that the landlord knew was in foreclosure. Nonetheless, the landlord rented them the property, continues to collect rent, and denies that they have received a Notice of an impending foreclosure sale. My client specifically wanted to know there options.

In such a situation, the tenant must determine what they want. In May 2009 President Obama signed into law legislation that allows most tenants in foreclosed properties to remain in their residence for the term of the lease. (Read this blog for more detail). Should a tenant desire to remain in the property, they may very well do such unless the new owner desires to move into the home or the lease is a month to month or holdover. In these situations, the tenant is entitled to 90 days before having to vacate. Should a tenant want to vacate, they may ask the landlord for an early termination. They may agree to it. If they do not agree, review the signed lease to determine if there is language that declares allowing the home to go into foreclosure as a breach. If there is, then the tenant may follow the process set out in the Arizona State Landlord Tenant Act, send the proper notice and summons, then vacate the property if the landlord does not cure the contractual default. A tenant may also have a contract claim for bad faith which can make the lease voidable if the landlord was aware of the impending foreclosure when the lease was signed. This may also give the tenant grounds to break the lease and retrieve their security deposit.

Contact James R. Andrews, Esq
www.andrewslawplc.com
480.237.9756

The information contained in this blog is provided for informational purposes only, and should not be construed as legal advice on any subject matter. No recipients of content from this site, clients or otherwise, should act or refrain from acting on the basis of any content included in the site without seeking the appropriate legal or other professional advice on the particular facts and circumstances at issue from an attorney licensed in the recipient's state. The content of this blog contains general information and may not reflect current legal developments, verdicts or settlements. Andrews Law, PLC expressly disclaims all liability in respect to actions taken or not taken based on any or all the contents of this blog.