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OCC 2010-2  
**OCC BULLETIN**

Comptroller of the Currency  
Administrator of National Banks

OCC 2010-2 is replaced by OCC 2011-15

Subject: **Protecting Tenants at  
Foreclosure Act of 2009**

Description: **New Examination  
Procedures**

Date: January 8, 2010

**TO:** Chief Executive Officers and Compliance Officers of All National Banks,  
Department and Division Heads, and All Examining Personnel

The Office of the Comptroller of the Currency (OCC) is issuing examination procedures for the Protecting Tenants at Foreclosure Act of 2009 (Tenants Protection Act). The Tenants Protection Act, which is part of the Helping Families Save Their Homes Act of 2009, was effective May 20, 2009, and will expire on December 31, 2012.

The Tenants Protection Act provides protections to bona fide tenants in the case of any foreclosure on a federally related mortgage loan or on any dwelling or residential real property. The tenant protections 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 will need to comply with certain notice requirements.

The Tenants Protection Act examination procedures are available at <http://www.occ.treas.gov/handbook/compliance.htm>. If you have questions, please contact your supervisory office or the Compliance Policy Division at (202) 874-4428.

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/signed/

Ann F. Jaedicke  
Deputy Comptroller for Compliance Policy

Attachment: [Examination Procedures](#)  
[[www.occ.treas.gov/ftp/bulletin/2010-2a.pdf](http://www.occ.treas.gov/ftp/bulletin/2010-2a.pdf)]

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## Protecting Tenants at Foreclosure Act of 2009

### Background and Summary

The Protecting Tenants at Foreclosure Act<sup>1</sup> protects tenants from eviction because of foreclosure on the properties they are renting. These provisions took effect on May 20, 2009, and will expire on December 31, 2012.

The tenant protection provisions apply in the case of any foreclosure on a “federally related mortgage loan”<sup>2</sup> or on any dwelling or residential real property. They provide that “any immediate successor in interest” in such a foreclosed property, including a bank that takes title to a house upon foreclosure, will assume the interest subject to the rights of any bona fide tenant and will need to comply with certain notice requirements.

Under this law, the immediate successor in interest of a dwelling or residential real property must provide tenants with a notice to vacate at least 90 days before the effective date of such notice. Additionally, tenants must be permitted to stay in the residence until the end of their lease, with two exceptions:

- (1) When the property is sold after foreclosure to a purchaser who will occupy the property as a primary residence or,
- (2) When there is no lease or 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.

The protections of this law apply to tenants under a “bona fide” lease or tenancy. A lease or tenancy is “bona fide” only if:

- (1) The mortgagor or a child, spouse, or parent of the mortgagor under the contract is not the tenant;

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<sup>1</sup> Title VII of the Helping Families Save Their Homes Act of 2009.

<sup>2</sup> The law states that “federally related mortgage loan” has the same meaning as in section 3 of the Real Estate Settlement Procedures Act of 1974 (12 USC 2602). The definition includes any loan secured by a lien on one-to-four family residential real property, including individual units of condominiums and cooperatives.

- (2) The lease or tenancy was the product of an arm's-length transaction;  
and
- (3) The lease or tenancy requires the receipt of rent that is not substantially less than fair market rent or the rent is reduced or subsidized due to a federal, state, or local subsidy.

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## References

### Laws

Public Law 111-22, Helping Families Save Their Homes Act of 2009  
Title VII, Sections 701-704, Protecting Tenants at Foreclosure Act

### OCC Issuances

Bulletin 2009-28, "Helping Families Save Their Homes Act of 2009 – Title VII  
Tenant Protections," dated August 13, 2009

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# Expanded Procedures—Protecting Tenants at Foreclosure Act

**Objective:** Determine the bank’s level of compliance with Title VII of the Helping Families Save Their Homes Act of 2009 – Protecting Tenants at Foreclosure Act.

Assess the bank’s level of compliance by using the Protecting Tenants at Foreclosure Act Examination Worksheet.

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## Protecting Tenants at Foreclosure Act

This worksheet can be used for reviewing audit work papers, evaluating bank policies, performing expanded procedures, and training as appropriate. Complete only those sections that specifically relate to the issue being reviewed, evaluated, or tested, and retain the completed sections in the work papers.

When reviewing audit or evaluating bank policies, a “no” answer indicates a possible exception/deficiency and should be explained in the work papers. When performing expanded procedures, a “no” answer indicates a violation and should be explained in the work papers. If a line item is not applicable within the area you are reviewing, indicate “NA.”

### Protecting Tenants at Foreclosure Act Examination Worksheet

Underline the applicable use:

**Audit      Bank Policies      Expanded Procedures**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Yes | No | NA |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|----|
| <p>1. In the case of any foreclosure on a federally-related mortgage loan or on any dwelling or residential real property that has a bona fide tenant, whether or not the tenant is subject to a bona fide lease, has the bank, as immediate successor in interest in such property:</p> <p style="padding-left: 40px;">a) Provided a notice to vacate to the tenant at least 90 days before the effective date of such notice? (Sec. 702(a)(1))</p>                                                                                                                                                                                       |     |    |    |
| <p>2. In the case of any foreclosure on a federally-related mortgage loan or on any dwelling or residential real property that has a bona fide tenant under a bona fide lease entered into before the notice of foreclosure, has the bank, as immediate successor in interest in such property:</p> <p style="padding-left: 40px;">a) Assumed such interest subject to the tenant’s rights to occupy the premises until the end of the remaining term of the lease, unless the lease is terminable at will under state law or the property is sold to a purchaser who will occupy the unit as a primary residence? (Sec. 702(a)(2)(A))</p> |     |    |    |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |  |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|
| <p>3. In the case of any foreclosure on a federally-related mortgage loan or on any residential real property in which a recipient of assistance under Section 8 of the United States Housing Act of 1937 resides, has the bank, as immediate successor in interest in such property:</p> <p>a) Assumed such interest subject to the lease between the prior owner and the tenant and subject to the housing assistance payments contract between the prior owner and the public housing agency for the occupied unit? (Sec. 703(2))</p> |  |  |  |
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