

# REGULATORY ALERT

**NATIONAL CREDIT UNION ADMINISTRATION  
1775 DUKE STREET, ALEXANDRIA, VA 22314**

**DATE: August 2009 NO: 09-RA-08**  
**TO: Federally Insured Credit Unions**  
**SUBJ: The Protecting Tenants at Foreclosure Act of 2009**

Dear Board of Directors,

The Helping Families Save Their Homes Act of 2009, P.L. 111-22, was signed into law on May 20, 2009. Title VII of this law, the Protecting Tenants at Foreclosure Act, ensures that tenants facing eviction as a result of foreclosure on the properties they are renting have adequate time to find alternative housing. This law establishes a minimum time period a tenant can remain in a foreclosed property before eviction.

When a credit union takes title to a rental property after foreclosure, it must:

- Provide bona fide tenants with 90 days notice prior to eviction; and
- Allow bona fide tenants with leases to occupy property until the end of the lease term, with the exception that the lease can be terminated on 90 days notice if the unit is sold to a purchaser.

A lease or tenancy is considered bona fide if:

- The tenant is not the mortgagor or the parent, spouse, or child of the mortgagor;
- The lease or tenancy is the result of an arms-length transaction; and
- The lease or tenancy requires rent that is not substantially lower than fair market rent or is reduced or subsidized due to a Federal, State or local subsidy.

The law does not cover tenants facing eviction in a non-foreclosed property, tenants with a fraudulent lease, tenants who enter in lease agreements after a foreclosure sale, or homeowners in foreclosure. The law does not affect any state or local law that provides longer time periods or other additional protections for tenants.

Credit unions should be aware of their responsibilities under the Protecting Tenants at Foreclosure Act of 2009, and implement policies and procedures to ensure compliance with this law.

A complete copy of the Protecting Tenants at Foreclosure Act may be obtained at. <http://www.gpo.gov/fdsys/pkg/PLAW-111publ22/pdf/PLAW-111publ22.pdf>.

If you have any questions regarding this regulation, please contact your district examiner, regional office, or state supervisory authority.

Sincerely,

/s/

Deborah Matz  
Chairman