

FHA INFO #12-5

Distribution Date: January 9, 2012

Clarification to 1/5/12 Notice on REO Transactions; ML 2010-18 FAQs Updated / The Protecting Tenants at Foreclosure Act

**Clarification to 1/5/12 Notice on REO Transactions:**

For Real Estate Owned (REO) properties, a previous case number is required only if HUD is the seller on the current transaction. Reminder, lenders are required to indicate whether a purchase transaction is a current REO property and if so, the previous REO case number is required at case number assignment in FHA Connection. This is effective Saturday, January 14, 2012.

AND

FHA Mortgagee Letter 2010-18 Frequently Asked Questions (FAQs) has been updated:

As of January 5, 2012, FHA has updated the ML 2010-18 FAQs, specifically regarding the upcoming 2012 grass cut season and year round grass cuts. You may access the new FAQs at:

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/nsc/mcm](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/nsc/mcm)

For technical support on these or any other FHA issue, please contact the FHA Resource Center at: [www.hud.gov/answers](http://www.hud.gov/answers) Search our online knowledge base & find answers to our most commonly asked questions. You can also get email technical support at: [answers@hud.gov](mailto:answers@hud.gov) or phone FHA toll-free between 8:00 a.m. & 8:00 p.m. ET (5:00 a.m. to 5:00 p.m. PT) at: (800) CALLFHA or (800) 225-5342. Call FHA TDD at: (877) TDD-2HUD (877) 833-2483).

AND

**Housing Counseling Agencies:**

The Protecting Tenants at Foreclosure Act:

The Protecting Tenants at Foreclosure Act went into effect in May 2009 and provides protections to tenants in foreclosed properties. The Act was originally set to expire on December 31, 2012, but the Dodd-Frank Wall Street Reform and Consumer Protection Act extended the expiration date to December 31, 2014. The purpose of this email is to ensure you are aware of the protections available under the Act so that you can knowledgeably assist affected clients. In brief, under the legislation, the immediate successor of interest (generally the purchaser) of a foreclosed property must provide all tenants with at least 90 days notice prior to eviction because of foreclosure. Additionally, tenants must be permitted to stay in the residence until the end of the lease, with two exceptions:

1. The property is sold after foreclosure to a purchaser who will occupy the property as a primary residence, or
2. there is no lease or the lease is terminable at will under state law.

However, even if these exceptions apply, the tenant must be given at least 90 days notice prior to eviction. The rights of Section 8 tenants are also protected under the Act.

Additional Resources:

The PTFA is Title VII of the Helping Families Save Their Homes Act of 2009, the full text of which is available at the following link: <http://www.gpo.gov/fdsys/pkg/PLAW-111publ22/pdf/PLAW-111publ22.pdf> The PTFA can be found on pages 30 – 32.

The PTFA was extended and clarified by the Dodd-Frank Wall Street Reform and Consumer Protection Act, the full text of which is available at the following link: <http://www.gpo.gov/fdsys/pkg/PLAW-111publ203/pdf/PLAW-111publ203.pdf> The PTFA extension and clarification can be found on page 830.

The National Housing Law Project (NHLP) has also prepared materials that can help housing counseling agencies understand the Act's provisions and help tenants exercise their rights under the law. NHLP's materials include sample letters that tenants can use to inform their landlords, as well as sample letters advocates can use to inform the courts and public housing authorities. These materials are available on the National Low Income Housing Coalition website at: <http://www.nlihc.org/template/page.cfm?id=227>

All Parent Agencies should make sure their sub-agencies have received this information. Please direct questions or comments to your HUD point of contact or email [Housing.Counseling@hud.gov](mailto:Housing.Counseling@hud.gov)