

TODAY'S FOCUS REAL ESTATE

News and data about residential and commercial properties. Information about market trends and those buying, selling, financing and dealing in Arizona.

THE ARIZONA REPUBLIC

Tenant in foreclosure sale has protections

Question: At a bank foreclosure sale, our investment group purchased a home in Gilbert. Our plan was to "flip" the home to another buyer for a profit after we made \$20,000 worth of improvements and repairs to the home. Although we knew there was a tenant in this home, the bank's agent had said that this tenant had only a verbal month-to-month lease. When we furnished the tenant with a five-day notice to move out, as we have done with other foreclosure homes that our investment group has purchased, the tenant showed



Q&A
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us a one-year lease signed by the former owner of the home. This lease has seven months remaining. When we went back to the bank's agent with a copy of this lease, the bank's agent said the tenant had forged the signature of the original homeowner and there is only a verbal month-to-month lease. Does it make any difference if the lease was

month-to-month or a one-year lease with seven months remaining? How do we get this tenant out of the home? Help!

Answer: Prior to May 2009, the purchaser of a home at a bank foreclosure sale was entitled under Arizona law to furnish five days' notice to the tenant and thereafter begin eviction proceedings. Under the new federal law enacted last May, tenants under a bona-fide lease with the former owner of the home generally have the right to stay in the home after foreclosure for the remaining months of the

lease. Therefore, if there is a bona-fide lease, the tenant is entitled to stay in the home for the remaining seven months, provided that the tenant now makes the rental payments to you as the new landlord. If there is no bona-fide one-year lease, the tenant by Arizona law is only a month-to-month tenant. The new federal law requires 90 days' notice after foreclosure to terminate a month-to-month tenant. Therefore, based on the fact that the one-year lease may be a forgery, you should furnish

90 days' notice now and begin eviction proceedings after 90 days. If the tenant can successfully contest these eviction proceedings on the ground that the one-year lease is not a forgery, the tenant will be entitled to stay in the home for the remaining months of the lease.

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