

Article - Real Property

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§7–105.6.

(a) Except as provided in subsection (b) of this section, any purchaser at a foreclosure sale of a mortgage or deed of trust has the same rights and remedies against the tenants of the mortgagor or grantor as the mortgagor or grantor had, and the tenants have the same rights and remedies against the purchaser as they would have had against the mortgagor or grantor on the date the mortgage or deed of trust was recorded.

(b) (1) For purposes of this subsection, a lease or tenancy shall be considered “bona fide” only if:

(i) The mortgagor or grantor or the child, spouse, or parent of the mortgagor or grantor under the contract is not the tenant;

(ii) The lease or tenancy was the result of an arm’s length transaction; and

(iii) The lease or tenancy requires the receipt of rent that is not substantially less than fair market rent for the property or the unit’s rent is reduced or subsidized due to a federal, State, or local subsidy.

(2) In the case of a foreclosure on any residential property, an immediate successor in interest who has acquired legal title to the property under the foreclosure shall assume the interest subject to:

(i) The provision by the successor in interest of a notice to vacate to any bona fide tenant at least 90 days before the effective date of the notice; and

(ii) The rights of any bona fide tenant as of the date of transfer of legal title under the foreclosure:

1. Except as provided in paragraph (3) of this subsection, under a bona fide lease entered into before the transfer of legal title, to occupy the premises until the end of the remaining term of the lease; or

2. Without a lease or with a lease terminable at will under State law, subject to the receipt by the tenant of the notice required under item (i) of this paragraph.

(3) Subject to the receipt by the tenant of the notice to vacate under paragraph (2)(i) of this subsection, a successor in interest may terminate a lease effective on the date of the sale of the residential property to a purchaser who will occupy the property as the purchaser’s primary residence.

- (4) The notice required under paragraph (2)(i) of this subsection shall:
- (i) Be in writing;
 - (ii) Be sent by first-class and certified mail, return receipt requested;
 - (iii) State the date on which the notice is being given;
 - (iv) State the date on which the termination of the tenancy is effective; and
 - (v) State whether the basis for termination of the tenancy is:
 - 1. Expiration of the term of the lease;
 - 2. Sale of the property to a purchaser who will occupy the property as the purchaser's primary residence; or
 - 3. Termination of a month-to-month or other terminable-at-will tenancy.

(5) This section does not affect the requirements for termination of any federal- or State-subsidized tenancy or of any State or local law that provides longer time periods or additional protection for tenants.

(c) (1) If the required advertisement of sale so discloses, a foreclosure sale shall be made subject to one or more of the tenancies entered into subsequent to the recording of the mortgage or deed of trust or otherwise subordinated thereto.

(2) Any lease so continuing is unaffected by the sale, except the purchaser shall become the landlord, as of the date of the sale, on ratification of the sale.

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