

x Ms. McCarthy
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AMENDMENT TO H.R. 384
OFFERED BY MR. ELLISON OF MINNESOTA, MR.
CAPUANO OF MASSACHUSETTS, AND MR.
BACA OF CALIFORNIA

Page 33, after line 6, insert the following new sections (and conform the table of contents accordingly):

1 **SEC. 207. EFFECT OF FORECLOSURE ON PREEXISTING TEN-**
2 **ANCY.**

3 (a) IN GENERAL.—In the case of any foreclosure on
4 any dwelling or residential real property after the date of
5 enactment of this Act, any immediate successor in interest
6 in such property pursuant to the foreclosure shall assume
7 such interest subject to—

8 (1) the provision, by such successor in interest
9 of a notice to vacate to any bona fide tenant at least
10 90 days before the effective date of such notice; and

11 (2) the rights of any bona fide tenant, as of the
12 date of such notice of foreclosure—

13 (A) under any bona fide lease entered into
14 before the notice of foreclosure to occupy the
15 premises until the end of the remaining term of
16 the lease, except that a successor in interest
17 may terminate a lease effective on the date of

1 sale of the unit to a purchaser who will occupy
2 the unit as a primary residence, subject to the
3 receipt by the tenant of the 90 day notice under
4 paragraph (1); or

5 (B) without a lease or with a lease ter-
6 minable at will under State law, subject to the
7 receipt by the tenant of the 90-day notice under
8 paragraph (1),

9 except that nothing under this section shall affect
10 the requirements for termination of any Federal- or
11 State-subsidized tenancy or of any State or local law
12 that provides longer time periods or other additional
13 protections for tenants.

14 (b) BONA FIDE LEASE OR TENANCY.—For purposes
15 of this section, a lease or tenancy shall be considered bona
16 fide only if—

17 (1) the mortgagor under the contract is not the
18 tenant;

19 (2) the lease or tenancy was the result of an
20 arms-length transaction; or

21 (3) the lease or tenancy requires the receipt of
22 rent that is not substantially less than fair market
23 rent for the property.

1 **SEC. 208. EFFECT OF FORECLOSURE ON SECTION 8 TENAN-**
2 **CIES.**

3 Section 8(o)(7) of the United States Housing Act of
4 1937 is amended—

5 (1) by inserting before the semi-colon in sub-
6 paragraph (C) the following: “and in the case of an
7 owner who is an immediate successor in interest
8 pursuant to foreclosure—

9 “(i) during the initial term of the
10 lease vacating the property prior to sale
11 shall not constitute other good cause; and

12 “(ii) in subsequent lease terms,
13 vacating the property prior to sale may
14 constitute good cause if the property is un-
15 marketable while occupied, or if such
16 owner will occupy the unit as a primary
17 residence”; and

18 (2) by inserting at the end of subparagraph (F)
19 the following: “In the case of any foreclosure on any
20 residential real property in which a recipient of as-
21 sistance under this subsection resides, the immediate
22 successor in interest in such property pursuant to
23 the foreclosure shall assume such interest subject to
24 the lease between the prior owner and the tenant
25 and to the housing assistance payments contract be-
26 tween the prior owner and the public housing agency

1 for the occupied unit, except that this provision and
2 the provisions related to foreclosure in subparagraph
3 (C) shall not shall not affect any State or local law
4 that provides longer time periods or other additional
5 protections for tenants.”.

