



## What is a Foreclosure?

If a property owner does not make mortgage payments, the lender can order the county sheriff to auction the property. The lender is the bank or company that holds the mortgage. This procedure is called a foreclosure.

## What is a Sheriff's Sale?

When a foreclosure is filed, the county sheriff sells the property at auction. The lender usually buys the property for the full value of the mortgage. Then the lender will try to resell the property to get money back. If you are a tenant, you do not have to move before the sale.

## How long can I stay?

In a typical foreclosure, you can stay in the property for 6 months after the sheriff's sale. This time is called the **redemption period**.

## Who gets my rent payment?

During the redemption period, you have to keep paying rent to the landlord. The rules of the lease still apply to you and the landlord during the redemption period.

After the redemption period, you pay rent to the new owner. Often, the new owner will not accept rent because they want you to move.



## What if my utilities are shut off?

If utilities are shut off because the landlord did not pay, contact HOME Line, Legal Aid or SMRLS. You may have to go to court.

You can have the utilities turned on again. Call the utility company. You will have to pay for what was used last month. The utility company has to keep your service on for at least 30 days.

You can deduct the amount you had to pay from your rent.

## How much notice will I get?

At the end of the redemption period, many leases are not good any more. The new owner can order you to leave with one month's notice.\* This notice must be in writing.

If you are getting a Section 8 Voucher then the lease might keep going past the redemption period.

## What if I move in during the Redemption Period?

Starting on August 1, 2008, landlords have to let you know if you are moving into a rental unit during a redemption period. This notice must be in writing.

The law sets a limit on the length of the rental period. Under the new law, a property in redemption period cannot be rented out for more than 2 months **or** the time remaining in the redemption period, whichever is less.

\* starting August 1, 2008, tenants get a 2 month's notice.

## How do I get my security deposit back?

You have the right to get your security deposit back within 21 days of moving out.

If the property was sold, the old landlord must give you your security deposit or transfer the deposit to the new owner.



If your deposit is never returned, you can sue the landlord. You can sue for twice the amount you should get back plus \$200 in penalties. In a foreclosure situation, you should sue both the old and new landlord.

You might think about letting your security deposit pay for the last month's rent. There is some risk: the landlord could evict you. But, the eviction does not guarantee a money judgment for the landlord. Also, many foreclosed landlords have "checked out" and would not take the time to follow up for one month's rent.

In **Minneapolis** call:  
The Legal Aid Society  
612-334-5970

In **Saint Paul** call:  
SMRLS - Southern Minnesota  
Regional Legal Services  
651-222-4731

**Everywhere else** call:  
HOME Line  
612-728-5767  
(Metro area)  
  
1-866-866-3546  
(Greater MN)

### HOME Line

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# Tenants and Foreclosure



## Common Questions and Answers