Foreclosure: The Saga Continues...

By Michel Nungia
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The scenario is not uncommon. Tenants have been renting a house from landlord for some time now, and thinks it is a great deal since landlord did not make him pay a security deposit and no lease was signed. Tenant makes payment on time. Landlord seems like an honest person. Everything is fine, until one day when tenant comes across a notice on the front door that the house will be foreclosed for non-payment of municipal taxes for the last five years. “But what about my rent payment? How can this be?” says the tenant.

Presidential Response

Almost all American communities have been affected by the foreclosure epidemic. More often than not, tenants, especially low-income tenants, are the ones who suffer the most from such a situation. In an effort to halt what seemed at the time like an unstoppable foreclosure epidemic, President Barack Obama unveiled a foreclosure-prevention package in February 2009. Two out of the three key elements of the proposal included “a program that would allow 4 to 5 million home owners with little equity in their homes to refinance into cheaper mortgages as well as a $75 billion program to keep 3 to 4 million homeowners out of foreclosure.” However, this plan was criticized by the Congressional Oversight Panel (COP), a governmental agency responsible for reviewing the current state of financial markets and the regulatory system. One of the COP’s most striking arguments in its 200-page long report is that President Obama’s plan, in the best case scenario, would avoid fewer than half of the predicted foreclosures, leaving millions of Americans vulnerable to losing their homes.

Congressional Response

Sensitive to this reality, Congress enacted a law that governed tenants’ rights during a foreclosure: the “Protecting Tenants at Foreclosure Act.” This act came into force on May 20, 2009 and will sunset on December 31, 2012. The legislative intent behind the act was to protect tenants in states where laws were not providing adequate protection to tenants.

Impact on Families

Despite the protection provided by the federal statute, it goes without saying that a foreclosure has impact on families that is sometimes difficult to properly measure. Families in foreclosure need help at a time when people, organizations, and institutions that may be traditional sources of assistance are overburdened and underfunded.

How to be a good tenant

by Brian Henning and G. Thomas Kingsley, Robin Smith, and David Price

We’ve all heard them. Horror stories of the landlord who refused to fix the backed-up garbage disposal, or the landlord who left his or her tenant without hot water for two full weeks. In fact, the focus of the landlord-tenant relationship predominantly falls on the performance (or lack thereof) of the landlord. Whether fair or unfortunate, this reality is likely due to two main factors: First, tenants vastly outnumber landlords, creating a larger collective voice. Second, landlords are sometimes portrayed as money-hungry entrepreneurs, willing to sacrifice the well-being of their tenants for a dollar. However, whether renting a house or an apartment, the landlord-tenant relationship is a two-way street.

Pay your rent. While this would seem obvious to many, the reality is that a surprisingly large number of tenants fail to pay rent on time. Even at all. The desperate nature of the Michigan economy has been well-documented, and for many, there is simply not enough money to pay the rent and put food on the table. However, countless others have the means to pay their rent but fail to do so because of poor money management and spending habits. A resident who is struggling to pay rent does not necessarily need to have a $2 LED TV, for example.

Know and comply with the provisions in your lease agreement. A great deal of problems that arise between tenants and landlords could usually have been avoided if both parties had been familiar with the signed lease agreement. Common lease provisions that tenants should be aware of include: late fee provisions, eviction procedures, occupancy limits, pet restrictions, security deposit insufficiencies, and provisions outlining who is responsible for repair and maintenance.

Keep the rental property in safe and sanitary condition. A landlord may commence Summary Proceedings to evict a tenant when the tenant in possession of the premises willfully or negligently causes a serious and continuing health hazard to exist on the premises. In addition to the possibility of eviction, tenants often live in premises that is in close proximity to other residents. Maintaining a clean and safe living space ensures that tenants living around you are receiving the same quality of residence that you bargained for.

Promptly notify the landlord of maintenance problems. Michigan law requires that tenants notify their landlords of their forwarding addresses, in writing, within four days of moving out. Should you be entitled to a refund on your security deposit, the landlord must return your money to the correct location.

Keep accurate, organized records of all requests and transactions between you and your landlord. Keeping an organized file detailing all information related to your residence can protect you from false charges, claims, and fraud. Additionally, well-kept records can help to resolve disputes in an efficient fashion, preventing the parties from resorting to retaining an attorney.

Be cordial with your landlord and leave on good terms. In addition to common courtesy, being friendly with your landlord may have future implications concerning where you work or reside. Many employers and rental properties now require references from an applicant’s previous residences. Burning the perennial bridge with your landlord might prevent you from reaping any benefits that might accrue.

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