

FACT SHEET



Andrew M. Cuomo, Governor

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DIVISION OF HOUSING AND COMMUNITY RENEWAL
OFFICE OF RENT ADMINISTRATION

43 Foreclosure and Owner and Tenant's Rights

What is meant by the term foreclosure?

It is a legal process by which an owner's right to a property is terminated, usually due to the failure to make mortgage payments. Typically, a court will order a forced sale of the property at public auction, with the proceeds being applied to mortgage debt.

Who do the tenants pay rent to during a foreclosure?

The court will appoint a receiver to collect the rents. It is the responsibility of the receiver to notify the tenants in writing of their appointment and to provide the tenants with the name and address of the receiver that rent checks can be made payable and mailed to. The written notification should be accompanied by a copy of the document, or portion thereof, that made the appointment.

Does the foreclosure change the rent regulation status of the apartments?

No. All apartments that were subject to rent regulation prior to the foreclosure will remain subject to rent regulation.

Who can obtain information and how pertaining to owner and tenant rights and rent information?

The bank or the court appointed referee and receiver have the right to file a Records Access request to obtain a copy of the rent registration and case(s) status information on file with DHCR. However, a prospective purchaser of the buildings would need a letter of authorization from one of these entities, attached to their Records Access request. General information and forms on a wide range of rent regulation topics can be accessed on the DHCR website <http://nysdhcr.gov/>, by calling the Rent Infoline at (718)739-6400, by contacting DHCR by email at DHCRInfo@nysdhcr.gov or by visiting a Borough/District Rent Office.

Who is responsible for filing annual apartment registrations and other notices with DHCR?

During the foreclosure, the receiver is responsible for filing annual apartment registration forms and responding to case related requests for information from DHCR. Once an auction is held and the building is sold, the new owner takes on these responsibilities.

The receiver and the new owner are advised to notify DHCR of their status by filing Form Ra-44 "Report of Change in Identity of Owner/Agent".

Can the tenants in rent regulated apartments be evicted solely due to the foreclosure status?

No. All of the protections given to rent regulated tenants concerning lease renewals and evictions remain in effect and are in no way diminished by a building entering foreclosure status. Additionally, an eviction of a tenant in New York State can only occur pursuant to a court order and after a full hearing in court.

Can the tenants work together to try to purchase the building?

Tenants interested in purchasing the building would need to consult with an attorney in private practice to understand their rights and any possible course of action.

Can tenants still file complaints with DHCR for decreases in services or rent overcharges, while the building is in foreclosure status?

Yes. Tenant rights in these areas are not diminished in any way.

For more information or assistance, call the DHCR Rent InfoLine,
or visit your Borough Office or call or visit your County Rent Office.

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