

Landlords owning properties with fewer than four connected units now have new obligations under the Arizona Residential Landlord and Tenant Act.

Effective July 29, 2010 if a rental agreement is entered into after a foreclosure action has been initiated, ARS 33-1331 requires the owner of the property being foreclosed to provide written notice of the possible foreclosure to the tenant with the lease agreement. That notice must advise the tenant:

- The property is in foreclosure
- The name, address and telephone number of the court where the action was filed, or of the trustee, attorney or other responsible party involved in the transaction
- That a sale at auction may or may not occur, or, if a sale has been set, the time date and place where the sale will take place.

If the owner fails to provide this notice the tenant is permitted to deliver a written notice to the owner and recover damages and obtain injunctive relief. The owner is also obligated to return the security deposit.

This new law is a considerably diluted version of the original bill, which applied to all residential properties. Under the original bill, landlords were required to provide sixty days notice prior to foreclosure; to allow the resident thirty days to vacate the property; and by law, would have terminated the lease agreement when foreclosure was completed. It also would have allowed the tenant to recover the greater of actual damages or one month's rent plus the amount of the security deposit and reasonable attorney's fees for failure to provide the required notice.