**Mortgagee sales:**

A mortgagee sale occurs when the person (Landlord) who owns the property defaults on their mortgage payments (that is, they can’t pay their mortgage). Their bank will need to sell the property to reclaim the borrowed money.

**What happens with a mortgagee sale?**

* The bank becomes the landlord following its default procedures.
* The bank must let the tenants know when it takes over as Landlord.
* The bank has the same obligations as any landlord under the Residential Tenancies Act 1986.

If the bond is held by Tenancy Services, the bank has 10 working days to notify Tenancy Services that they have taken possession of the property. The bond stays with Tenancy Services and the bank replaces the Landlord on the bond record.

**Obligations during and after the sale:**

When the bank sells the property, they have the same obligations under the Residential Tenancies Act 1986 as any other Landlord.

**Special nature of fixed-term tenancies:**

* With a mortgagee sale, the bank (or the person who buys the property at the mortgagee auction) can give notice to end the tenancy as if it were periodic. 42 days (in writing). That means the property does not need to be sold with the tenancy.
* The tenant can also give notice to end the fixed-term tenancy as if it were a periodic tenancy being 21 days notice (in writing).