



TENANT BUYOUT LEGISLATION ADVISORY AND SELLER'S SUPPLEMENTAL DISCLOSURE RE BUYOUTS

SAN FRANCISCO ASSOCIATION OF REALTORS® STANDARD FORM
This form is intended for use primarily in San Francisco and the northern peninsula.

San Francisco has adopted a new ordinance regulating “Buyout Agreements” (agreements by which a landlord pays a tenant money or other consideration to vacate a rental unit) and “Buyout Negotiations” (any discussion or bargaining, oral or written, between a landlord and tenant regarding the possibility of entering into a Buyout Agreement) for residential rental properties which are subject to local rent control laws.

The new law is operative March 7, 2015, but it has a retroactive effect which precludes condo conversions for properties where (a) Buyout Agreements were entered ***on or after October 31, 2014*** and (b) involved 2 or more tenants (even in the same unit), or any tenant of a “protected class” as defined in the ordinance. Note that local law presently (a) allows conversion of certain 2 residential unit properties where each unit is owner-occupied by a separate owner; (b) otherwise disallows conversion of 2–6 residential unit buildings unless approval was sought under the 2013 “Expedited Conversion” Program; and (c) now prohibits conversion of 5+ residential unit properties.

Under the new law, prior to Buyout Negotiations with any tenant, a landlord must provide the tenant with a written disclosure including, among other things, references to their rights to: refuse to negotiate or enter into a Buyout Agreement, consult with an attorney, and rescind (unilaterally terminate) any such signed agreement for a period of 45 days after the agreement was fully executed. Further, this disclosure must include a statement that the tenant may obtain information from the San Francisco Rent Board about other Buyout Agreements in the tenant’s neighborhood, a list of tenants’ rights organizations, a statement explaining the legal implications of condominium conversion for landlords entering any such agreements, and, for entity landlords, the names of all people within that entity conducting the negotiations, as well as the names of all people who will have decision-making authority over the terms of the Buyout Agreement.

Additionally, prior to Buyout Negotiations with any tenant, a landlord, among other things, must also (a) provide notice to the Rent Board of the landlord’s name and contact information, the names of the tenants with whom the landlord intends to negotiate, the address(es) of the unit(s) involved, (b) a statement under penalty of perjury that a proper disclosure (discussed above) has been provided to each tenant, and (c) only enter into written Buyout Agreements and include certain mandatory language in them. A copy of any executed Buyout Agreement must be filed with the Rent Board within 14 days after the tenant’s rescission period has expired. The Rent Board will be creating a publically searchable database of such agreements, and required disclosure and notice forms to use to comply with this law.

If, in considering the purchase of a property, a buyer contemplates any Buyout Negotiations, any such buyer is ***strongly advised to seek qualified legal counsel*** concerning such plans before entering into a purchase agreement or removing any relevant contingencies. The above is only a partial summary of the new law (CCSF Administrative Code §37.9E & Subdivision Code §1396(e)(4)). The full text can be found at:

<https://sfgov.legistar.com/View.ashx?M=F&ID=3320331&GUID=B92B8C60-2915-4AC5-A262-5C379255863E>.

Note: See Attached Seller’s Supplemental Disclosure re Buyouts.

The undersigned acknowledge receipt of this Advisory.

☐ Seller/ ☐ Buyer _____ Date _____ Seller/Buyer _____ Date _____

BROKERS/AGENTS CAN ADVISE ON REAL ESTATE TRANSACTIONS ONLY. FOR LEGAL OR TAX ADVICE, CONSULT A QUALIFIED ATTORNEY OR CPA.



SELLER'S SUPPLEMENTAL DISCLOSURE RE TENANT BUYOUT AGREEMENTS

Seller hereby discloses to Buyer that Seller, and/or to Seller's actual knowledge without independent investigation, Seller's predecessors-in-interest, entered into the following Buyout Agreements on or after October 31, 2014. (Attach additional pages if necessary.) It is recommended that Seller provide Buyer with copies of any listed Buyout Agreements.

Unit _____ Name of Tenant(s) _____

Date of Buyout Agreement _____ Date Tenant(s) vacated unit _____

(Check any and all that apply):

- ☐ Tenant was over the age of 60 and a resident of the unit for 10 years on the date of the agreement.
- ☐ Tenant was disabled (as defined by the Americans with Disabilities Act) and a resident of the unit for 10 years on the date of the agreement.
- ☐ Tenant was "catastrophically ill" and a resident of the unit for 5 years on the date of the agreement.
- ☐ A copy of this Buyout Agreement is attached.

Unit _____ Name of Tenant(s) _____

Date of Buyout Agreement _____ Date Tenant(s) vacated unit _____

(Check any and all that apply):

- ☐ Tenant was over the age of 60 and a resident of the unit for 10 years on the date of the agreement.
- ☐ Tenant was disabled (as defined by the Americans with Disabilities Act) and a resident of the unit for 10 years on the date of the agreement.
- ☐ Tenant was "catastrophically ill" and a resident of the unit for 5 years on the date of the agreement.
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Unit _____ Name of Tenant(s) _____

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- ☐ Tenant was disabled (as defined by the Americans with Disabilities Act) and a resident of the unit for 10 years on the date of the agreement.
- ☐ Tenant was "catastrophically ill" and a resident of the unit for 5 years on the date of the agreement.
- ☐ A copy of this Buyout Agreement is attached.

- ☐ Seller has reviewed the above and states that it is inapplicable as Seller has undertaken no such Buyouts nor to Seller's actual knowledge, without independent investigation, did Seller's predecessors-in-interest.

Note: *Seller is strongly advised to seek qualified legal counsel before completing this form.*

Seller _____ Date _____

Seller _____ Date _____

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