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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 4050

03/19/2018 Authored by Lee; Clark; Dehn, R.; Omar and Davnie
The bill was read for the first time and referred to the Committee on Civil Law and Data Practices Policy

1.1 A bill for an act
1.2 relating to housing; requiring notice to the tenants of the sale of certain residential
1.3 rental property; proposing coding for new law in Minnesota Statutes, chapter 462A.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. 462A.40 RESIDENTIAL RENTAL PROPERTY SALES; TENANT
1.6 NOTICE AND RIGHT OF FIRST REFUSAL.

1.7 Subdivision 1. Notice of sale. The owner of a residential rental property with ten or
1.8 more residential units must provide written notice to the commissioner of the Housing
1.9 Finance Agency and the tenants 150 days prior to the date of entering a purchase agreement
1.10 for the sale of the property. The written notice must notify the commissioner of the Housing
1.11 Finance Agency and the tenants of the intent of the owner to list and sell the property. The
1.12 notice must state that at least 120 days prior to signing the purchase agreement the property
1.13 owner will provide information on the cash price and the terms and conditions of the
1.14 purchaser's offer to the commissioner of the Housing Finance Agency and the tenants
1.15 requesting the information.

1.16 Subd. 2. Right of first refusal. During the notice period required in this section, the
1.17 tenants of a majority of the units or a nonprofit organization, which has the written permission
1.18 of the tenants of a majority of the units to represent them in the acquisition of the property,
1.19 shall have the right to meet the cash price and execute an agreement to purchase the property
1.20 for the purposes of keeping the property as residential rental property that includes affordable
1.21 units. The owner of a residential rental property must accept the offer if it meets the cash
1.22 price and the same terms and conditions set forth in the purchaser's offer, except that the
1.23 seller is not obligated to provide owner financing. For purposes of this section, "cash price"

2.1 means the cash price offer or equivalent cash offer as defined in section 500.245, subdivision  
2.2 1, paragraph (d).

2.3 Subd. 3. **Exceptions.** The requirements in this section do not apply to sales between  
2.4 family members, sales between the current property owners of the residential rental property,  
2.5 or sales that occur during the distribution of an estate after the owner's death.

2.6 **EFFECTIVE DATE.** This section applies to sales of residential rental property that  
2.7 occur on or after September 1, 2018.