

## SENATE BILL No. 371

By Senator Sykes

1-22

1 AN ACT concerning the residential landlord and tenant act; relating to the  
2 sale of dwelling units; requiring landlords to offer to sell certain  
3 dwelling units to tenants prior to offering such units for sale to the  
4 public.

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6 *Be it enacted by the Legislature of the State of Kansas:*

7     Section 1. (a) Before a dwelling unit may be offered for sale to the  
8     public or a third-party, including through a listing for sale, the owner of the  
9     dwelling unit shall send each tenant a written notice of the tenant's right to  
10    deliver an offer to purchase the dwelling unit. Such written notice shall:

11       (1) Be delivered by first class mail with a certificate of mailing or a  
12       delivery service providing delivery tracking and confirmation;

13       (2) contain material terms that the owner would agree to incorporate  
14       in a resulting contract of sale with the tenant;

15       (3) state that the notice is a solicitation of an offer to purchase and is  
16       not intended as and may not be construed as a binding contract of sale; and

17       (4) state any information regarding deadlines for the tenant to deliver  
18       an offer to purchase.

19       (b) (1) Within 30 days after the owner sends the notice required by  
20       subsection (a), the tenant may deliver to the owner a written offer to  
21       purchase the property. Within five days after the owner receives such offer,  
22       the owner shall:

23           (A) Accept the offer if the offer contains the same or more favorable  
24           material terms as those contained in the notice; or

25           (B) deliver a counteroffer to the tenant with an explanation of how  
26           the offer differs from the notice if the offer contains material terms that  
27           differ from the terms contained in the notice.

28       (2) Within five days after the tenant receives a counteroffer, the  
29       tenant may accept or reject such counteroffer. If the tenant fails to respond  
30       to the counteroffer within five days after receipt of such offer, the  
31       counteroffer shall be deemed to have been rejected.

32       (c) If more than one tenant delivers a timely offer to purchase the  
33       property, the owner may select the more favorable offer without liability to  
34       any other tenant. If more than one tenant delivers timely offers that are  
35       identical, the owner may select any offer without liability to any other  
36       tenant.

1       (d) A tenant may affirmatively decline an offer of sale by an owner at  
2 any time before an offer of purchase is required to be delivered to the  
3 owner. If the tenant affirmatively declines an offer of sale, the owner may  
4 offer the property for sale to the public or a third-party.

5       (e) A tenant's right of first refusal under this section is terminated if  
6 the tenant does not deliver an offer to purchase in accordance with this  
7 section or accept a counteroffer in accordance with this section.

8       (f) Material terms for the purchase of a dwelling unit pursuant to this  
9 section shall:

10      (1) Be commercially reasonable, made in good faith and adhere to  
11 generally accepted residential real estate practices; and

12      (2) not include restrictions on financing methods or the right of  
13 inspection.

14      (g) If an owner receives an offer to purchase a dwelling unit from a  
15 third-party, the owner may not accept such offer until the owner has  
16 complied with the provisions of subsections (a) and (b). The owner shall  
17 solicit an offer to purchase the dwelling unit from the tenant with the same  
18 material terms contained in the offer from the third-party. If the tenant  
19 does not deliver an offer to purchase the dwelling unit with the same  
20 material terms, the owner may accept the third-party offer and the tenant's  
21 right of first refusal shall be considered waived.

22      (h) After closing on a contract of sale between an owner and tenant  
23 pursuant to this section:

24      (1) Liability for failure to comply with this section is restricted to the  
25 owner and shall not attach to the dwelling unit that is the subject of the  
26 contract; and

27      (2) the tenant shall not sell, gift, lease or otherwise convey ownership  
28 or occupancy of such dwelling unit until at least two years after the date of  
29 closing on the contract.

30      (i) This section does not apply to a transfer of title:

31      (1) To a family member of the owner;

32      (2) to a business entity wholly owned by the owner;

33      (3) through a court order, including a court order foreclosing the right  
34 of redemption, a tax sale or a sale by foreclosure, partition or court-  
35 appointed trustee;

36      (4) by a fiduciary in the course of the administration of a decedent's  
37 estate, guardianship, conservatorship or trust;

38      (5) through a testamentary document, trust instrument or inheritance;

39      (6) into a revocable trust if the transferor is the current beneficiary of  
40 the trust;

41      (7) to the state or a local governmental entity;

42      (8) in lieu of foreclosure of a mortgage or deed of trust;

43      (9) through a court order of receivership or court-approved

1 settlement;

2 (10) through the order of bankruptcy court or sale by a bankruptcy  
3 trustee or debtor in possession;

4 (11) that is a gift to any nonprofit organization that is exempt from  
5 taxation under section 501(c)(3) of the internal revenue code of 1986, as  
6 amended;

7 (12) by a public housing authority; or

8 (13) of a dwelling unit or premises with four or more dwelling units.

9 (j) Nothing in this section shall be construed to prohibit:

10 (1) An individual from submitting an offer to purchase a property  
11 leased by the individual that is offered for sale to the public; or

12 (2) multiple tenants from jointly delivering an offer to purchase or  
13 jointly contracting to purchase the property.

14 (k) Any violation of this section shall be deemed to be a deceptive or  
15 unconscionable act or practice under the provisions of the Kansas  
16 consumer protection act and shall be subject to the remedies and  
17 enforcement provisions of the Kansas consumer protection act. The  
18 requirements and remedies of this subsection are in addition to any other  
19 requirements and remedies provided by law.

20 (l) As used in this section:

21 (1) "Family member" means a spouse, former spouse, domestic  
22 partner, former domestic partner, child, stepchild, parent, stepparent,  
23 sibling, stepsibling, son-in-law, daughter-in-law, stepson-in-law,  
24 stepdaughter-in-law, parent-in-law, stepparent-in-law, grandparent,  
25 stepgrandparent, grandchild or stepgrandchild;

26 (2) "material terms" means essential terms for the sale of a dwelling  
27 unit and includes the sales price, settlement date and other contingencies;  
28 and

29 (3) "offer to purchase" means a good faith offer for the purchase of a  
30 dwelling unit for a price that a willing buyer would pay to a willing seller  
31 in an arm's length transaction with neither party under any compulsion to  
32 buy or sell.

33 (m) This section shall be a part of and supplemental to the residential  
34 landlord and tenant act.

35 Sec. 2. This act shall take effect and be in force from and after its  
36 publication in the statute book.