

1 AN ACT relating to the rights of tenants.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 383 IS CREATED TO
4 READ AS FOLLOWS:

5 *(1) As used in this section:*

6 *(a) "Family member" means an owner's father, mother, brother, sister, spouse,*
7 *son, daughter, stepson, stepdaughter, grandchild, aunt, uncle, son-in-law,*
8 *or daughter-in-law;*

9 *(b) "Material terms" means essential terms for the sale of residential real*
10 *property that are commercially reasonable, made in good faith, and adhere*
11 *to generally accepted residential real estate practices, and:*

- 12 *1. Include the sale price, settlement date, and other contingencies; and*
- 13 *2. Shall not include restrictions on financing methods or the right of*
14 *inspection;*

15 *(c) "Owner" means a person, association, corporation, partnership, or other*
16 *entity having title to a residential rental property;*

17 *(d) "Residential rental property" means a tenant-occupied rental property for*
18 *residential use with three (3) or fewer individual dwelling units;*

19 *(e) "Sale" means the sale and transfer of title of a residential rental property by*
20 *an owner to a third-party purchaser, but does not include a transfer of title:*

- 21 *1. From an owner to a:*
 - 22 *a. Family member;*
 - 23 *b. Business entity wholly owned by the owner;*
 - 24 *c. Local government or the Commonwealth;*
 - 25 *d. Revocable trust, without actual consideration of the transfer,*
26 *where the owner is the beneficiary of the trust; or*
 - 27 *e. Nonprofit organization exempt from taxation under Section*

1 501(c)(3) of the Internal Revenue Code, as part of a donation or
2 gift;

3 2. That is required by a court order;

4 3. By a fiduciary in the administration of an estate, guardianship,
5 conservatorship, or trust; or

6 4. By a public housing authority or land bank authority; and

7 (f) "Tenant" means a person who has occupied a residential rental property
8 for at least six (6) months and is a named lessee in a written lease for the
9 property.

10 (2) Before an owner may offer a residential rental property for sale, including
11 through a public listing, or accept an unsolicited offer to purchase a residential
12 rental property made by a third party, any tenant or group of tenants of the
13 property shall have the right of first refusal to purchase the property in
14 accordance with this section.

15 (3) (a) Before an owner may offer a residential rental property for sale, including
16 through a public listing, or accept an unsolicited offer to purchase a
17 residential rental property made by a third party, the owner shall send each
18 tenant of the residential rental property a written notice informing the
19 tenant of the tenant's right to deliver an offer to purchase the property.

20 (b) A written notice under paragraph (a) of this subsection shall:

21 1. Be delivered by first-class mail or other form of delivery that confirms
22 delivery of the notice; and

23 2. Conspicuously contain the following:

24 a. Any material terms that the owner would include in any
25 resulting contract of sale with the tenant;

26 b. That the notice is a solicitation for an offer to purchase and is
27 not intended and shall not be construed as a binding contract for

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sale;

c. The deadlines for the tenant to submit an offer to purchase, including the tenant's exclusive negotiation period; and

d. The material terms of the unsolicited offer to purchase the residential rental property made by a third party, if applicable.

(4) (a) Within thirty (30) days following the delivery of the notice under subsection (2) of this section, the tenant may deliver to the owner a written offer to purchase the property.

(b) Within five (5) days following the receipt of the tenant's offer under paragraph (a) of this subsection, the owner shall:

1. Accept the offer, if it contains the same or more favorable material terms as those contained in the notice or those in the unsolicited offer to purchase a residential rental property made by a third party, if applicable; or

2. Deliver a counteroffer to the tenant, if the offer contains material terms that deviate from those contained in the notice or those in the unsolicited offer to purchase a residential rental property made by a third party, if applicable, and include an explanation of the material terms that deviate from the notice or offer.

(c) Within five (5) days following the receipt of the owner's counteroffer under paragraph (b)2. of this subsection, the tenant shall accept or reject the counteroffer. A tenant's failure to respond to the counteroffer within five (5) days shall constitute a rejection of the counteroffer.

(5) If more than one (1) tenant or group of tenants delivers a timely offer to purchase the property or accepts a counteroffer under subsection (4) of this section, the owner may select the more favorable offer without liability to any other tenant.

(6) If a tenant does not deliver an offer to purchase a residential rental property or

1 accept a counteroffer under subsection (4) of this section:

2 (a) The owner may:

3 1. Offer the residential rental property for sale, including through a
4 public listing; or

5 2. Accept any third-party offer to purchase the residential rental
6 property; and

7 (b) The tenant's right of first refusal shall be waived.

8 (7) If the owner accepts an offer to purchase from a tenant under subsection (4) of
9 this section and enters into a contract for sale, but the contract is terminated
10 before settlement, the tenant's right of first refusal shall be waived.

11 (8) The rights of a tenant under this section shall not be waived except as set out in
12 this section. Any provision of a lease or other agreement that would waive a
13 tenant's rights under this section is void and unenforceable.

14 (9) Any local ordinance or regulation in conflict with this section is void and
15 unenforceable.

16 (10) An owner of a residential rental property who violates this section shall be subject
17 to a fine not to exceed one thousand dollars (\$1,000) per violation.