

Rent Stabilization Board

## BUYOUT AGREEMENT REQUIREMENTS

Effective April 30, 2016, the City Council enacted Berkeley Municipal Code Section 13.79.050, which affords protections to tenants who are offered buyout agreements by their landlords. These protections apply where a tenant accepts payment in exchange for an agreement to vacate a rental unit protected by the Good Cause for Eviction provisions in Berkeley Municipal Code Section 13.76.130. *The vast majority of rental units are covered by the Good Cause for Eviction provisions, including many rental units that are not rent-controlled.*

This law specifically requires that before making a buyout offer, a landlord must give a tenant a written disclosure of the tenant's rights, including the following:

- the right not to enter into a buyout agreement;
- the right to consult an attorney before signing the agreement;
- the right to rescind the agreement at any time up to 30 days after signing; and
- the right to consult the Rent Stabilization Board regarding the agreement.

The mandatory written disclosure is a document identified as "Buyout Agreement Disclosure Form," a copy of which is attached hereto.

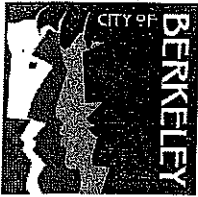
In addition to requiring that owners give tenants the written disclosure, Section 13.79.050 includes provisions regarding the form and content of the buyout agreement itself; namely:

- the buyout agreement must be in writing;
- the agreement must include the following language, in bold letters in at least fourteen-point type, in close proximity to the space reserved for the tenant's signature:

**"You may cancel this agreement in writing at any time before the thirtieth day after all parties have signed this agreement. You have a right not to enter into a buyout agreement. You may choose to consult with an attorney or the Rent Stabilization Board before signing this agreement. The Rent Stabilization Board may have information about other buyout agreements in your neighborhood.";** and

- a buyout agreement that does not satisfy all of the requirements of the law is not effective and may be rescinded by the tenant at any time.

The landlord is required to give the tenant a copy of the buyout agreement at the time the tenant signs it. The landlord must also file any completed, signed buyout agreements with the Rent Stabilization Board no sooner than the thirty-first day after the buyout agreement is signed by all parties, and no later than sixty days thereafter. The Rent Stabilization Board shall make data collected from all buyout agreements available to the public, but no personally-identifying information may be revealed.



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## BUYOUT AGREEMENT DISCLOSURE FORM

### TENANT PROTECTIONS RELATED TO BUYOUT AGREEMENTS

Under Berkeley Municipal Code Chapter 13.79, a tenant has the following rights when considering whether to accept a landlord's buyout offer:

1. **The right NOT to enter into a buyout agreement.** The tenant may refuse any buyout offer and the landlord is prohibited from retaliating for refusing the offer.
2. **The right to consult an attorney.** The tenant has the right to consult with an attorney before deciding whether to accept a buyout offer. This right includes having an attorney review the written buyout offer as well as proposing changes to the agreement before it has been finalized and signed by all the parties.
3. **A thirty-day right to rescind.** The tenant may rescind the buyout agreement within thirty days after it is fully executed. This means that even after agreeing to the terms of the buyout, a tenant has the right to change his/her mind and cancel the buyout agreement. A landlord can neither negate this right by asking the tenant to waive the right to rescind nor demand that the tenant give an irrevocable written notice of the tenant's intent to vacate the unit.
4. **The right to contact the Rent Board.** A tenant may consult the Rent Stabilization Board with respect to the buyout agreement and the tenant's rights in general. Moreover, the landlord must file a copy of the completed agreement with the Board between 31 and 60 days from the date the agreement is executed.

The City of Berkeley requires that landlords make relocation payments to their tenants under certain circumstances in which the tenants are displaced or evicted through no fault of their own. These legally-mandated relocation payments are not buyout agreements and do not limit the scope or applicability of buyout agreements in any way. Tenants and landlords with questions about whether a relocation payment might be required by law and what amount is mandatory may contact the Rent Board for more information.

DECLARATION OF LANDLORD

I verify that I have given a copy of this Buyout Agreement Disclosure Form to the tenant(s).

\_\_\_\_\_  
Signature of Landlord

\_\_\_\_\_  
Date signed

\*Landlord must keep a copy of this Buyout Agreement Disclosure Form for at least five (5) years after it has been signed by all parties.

ACKNOWLEDGMENT OF TENANT(S)

I verify that I have received a written Buyout Agreement Disclosure Form.

\_\_\_\_\_  
Signature of Tenant

\_\_\_\_\_  
Date this notice was received

\_\_\_\_\_  
Signature of Tenant

\_\_\_\_\_  
Date this notice was received

\_\_\_\_\_  
Signature of Tenant

\_\_\_\_\_  
Date this notice was received

\*\*Tenants should be aware that a buyout payment may be taxable as income, and they should seek advice from someone qualified to answer questions about possible tax implications. Rent Board staff cannot provide guidance regarding taxes.