

MEMORANDUM

TO: Review Attorneys &amp; Paralegals

DATE: 9/17/86

FROM: Nancy Kramer & Mary Sabatini DiStephan *MSD*

RE: Outside Purchasers and Tenants' Right to Purchase

Some questions were raised lately about outside purchasers and tenants' rights during exclusive purchase periods. This memo is designed to restate our longstanding position.

During an initial exclusive purchase period, outside purchasers cannot be offered the opportunity to buy nor can they inspect occupied apartments unless the tenants have waived, in writing, their rights to purchase their apartments. After the expiration of the 90-day exclusive period, outsiders can, of course, subscribe to purchase occupied apartments. However, those subscription agreements are always subject to the right of a bona fide tenant in occupancy to subscribe if another exclusive purchase period is offered before the plan is declared effective. Without such a provision a subsequent "exclusive purchase period" would be meaningless. A waiver signed by a tenant for an initial exclusive purchase period does not last beyond that period. (The tenant may, however, sign another waiver for a later exclusive purchase period.)

Potential purchasers of occupied apartments should be alerted by the offering plan to this possibility of losing their right to close on their apartments. Subscription agreements should also reflect this situation.

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