

D.C. Court of Appeals: TOPA Extensions Must Be Defined To Preserve Tenant Rights

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In an important new ruling construing the Tenants Opportunity to Purchase Act ("TOPA"), the D.C. Court of Appeals held on September 23, 2015, that extensions of the deadlines for a seller and a tenant association to negotiate a sales contract must be express and contain a definite end-date to be valid. Under TOPA, once a buyer enters into a sales contract to purchase a rental accommodation in D.C., the seller must inform the tenants of their opportunity to purchase the building themselves. If the tenants choose to purchase the building, they must settle within 120 days, with an extension permitted for financing to 240 days. However, the seller can grant further reasonable extensions of those periods to allow for negotiations and other incidents. In *William J. Davis, Inc. v. The Tuxedo, LLC*, the tenants formed a tenant association to buy the building that Davis contracted to buy. The association obtained the 240-day deadline to get financing. Four days before that deadline, the tenants' counsel informed the seller that the association would not go through with the sale, alleging violations of TOPA by the seller. While the seller and tenants continued to negotiate, the 240-day deadline passed without any definite extension agreed to by which to settle. The Court, in an opinion by Senior Judge Ferren, held that the failure to set a defined end-date, along with the association's stated refusal to close, failed to constitute an extension under TOPA. Therefore, the association's contract had expired, and Davis' contract to buy the building had priority and would go forward. The Court also rejected the association's argument that the seller had violated TOPA when it offered the association a contract to buy the building at the same price that Davis contracted to pay, and held that the association failed to explain how the seller-financing terms were not "reasonably acceptable." [A link to the opinion is here.](#)

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