THE SMALL MULTIFAMILY GROUP

LIVE WEBINAR · OCTOBER 29, 2026

Selling Your D.C. Apartment Building Under the New TOPA Rules

Exemptions, ownership options, and preparing for a successful transaction

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> This webinar is general information and education. It is **not legal, tax, or financial advice**.
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>
> Every building and every transaction is different. Specific decisions belong with your own attorney and advisors.

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Why we're here

Thank you

SMOA worked hard to help pass the RENTAL Act and secure its exemptions. This law exists because owners showed up.

Today's goal

Understand what the law now lets you do with your property, and what question to ask next.

Your options: Sell | Bring in capital | Change ownership

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WHAT CHANGED

The RENTAL Act took effect December 31, 2025

New exemptions mean some buildings, and some transactions, no longer go through the full TOPA purchase process.

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New construction exemption

A sale is exempt if the building received its **permanent certificate of occupancy within the 15 years** before the date of sale.

Check the date

The clock starts at the permanent certificate of occupancy, not the date you bought the building.

Paperwork still applies

Tenants get a Notice of Transfer. New tenants must be told before signing a lease that the building isn't subject to TOPA.

Missed the March notice?

Existing tenants were to be notified by the end of March 2026. Contact the Small Multifamily Group before you go to market.

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What didn’t pass, and smaller buildings

Substantial rehabilitation

In the Mayor’s proposal, but removed by the Council. **It is not law today.** SMOA is pushing to have it reconsidered, because older buildings need reinvestment.

Two to four units

Exempt if not majority -owned by a business corporation. Tenants still get a notice of potential sale.

Some exemptions concern the building. Others concern the transaction.

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A VERY BIG DEAL FOR OWNERS

More options for capital and ownership

In certain circumstances, you may bring in capital, buy out a partner, or reorganize ownership without triggering the full TOPA purchase process.

Evaluate these options alongside a sale, not instead of it.

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What's your situation?

ONE

"My partner wants out, and I want to keep the building."

TWO

"The building needs capital for repairs."

THREE

"We need to reorganize our ownership entity."

FOUR

"An outside investor wants to buy most of the company."

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A partner wants out

EXAMPLE: 20 UNITS, TWO PARTNERS

One partner wants to retire and cash out. The other wants to keep the building.

In certain circumstances, a transfer between existing owners is not a TOPA sale.

The business questions

- Can the remaining partner finance the buyout?
- What is the departing interest worth?
- Does keeping the building beat selling and splitting the proceeds?

The Small Multifamily Group compares a buyout with a sale.

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The building needs capital

Example: 30 units needing a roof, new systems, and deferred maintenance. In certain circumstances, an investor can come in while the owner keeps the building.

How much capital? | How much ownership given up? | Who keeps control?

Refinance

At today's rates, may not cover the repairs or support more debt.

Capital partner

Give up some ownership. Keep the building and keep running it.

Sale

Get capital, but lose the building and its future upside.

There are conditions. Selling a minority interest alone isn't enough.

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Restructuring, and an outside buyer

Reorganizing your entity

Certain reorganizations of the entity that owns the building may qualify. That's different from selling the entity to someone new.

The trap: selling most of the LLC

It can still be a TOPA sale. The same name on the deed doesn't settle it. If someone new gets most of the economics, assume TOPA applies until reviewed.

Even when a transaction qualifies, tenants still get notice.

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THE TAKEAWAY

The right answer may be a sale, a partner buyout, or new investment.

The Small Multifamily Group helps you evaluate what your property supports before you commit to a transaction.

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From decision to transaction

Example: a 25-unit building covered by TOPA, and selling is the right answer.

1

Identify the process

Covered sale, or a qualifying exemption?

2

Send the right notice

Offer of Sale or Notice of Transfer.

3

Deliver it properly

Tenant delivery and DHCD filing are separate.

4

Understand the stages

Offer, negotiation, settlement.

5

Plan the closing

Plan for the full process.

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The right notice, delivered the right way

Offer of Sale

Starts a covered TOPA sale.

Notice of Transfer

For a qualifying exempt transaction. Explains the transaction and the legal basis for the exemption.

Approved ways to serve each tenant

Certified mail | Delivery service with tracking | Hand delivery | Email

Same day: send DHCD a copy with a signed statement that every tenant was served. Post the notice where the law requires. Emai lin g DHCD does not replace serving tenants.

Watch out: a missing or materially misleading Notice of Transfer means the law presumes a TOPA sale.

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Stages and timing

Offer
Tenants receive the Offer of Sale

→

Negotiation
Tenants and buyers negotiate

→

Settlement
The path to closing

Each stage has its own clock, and tenants have real rights at each one. **The cooling -off period is not a promised closing date.**

> **Get your house in order first**
> Rent roll, leases, income and expenses, vacancies, and a clear picture of repairs.

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New players, and limits on assigning rights

Tenant Support Providers

Help tenants organize, understand rights, and find financing. Trained and certified by DHCD, with ethics and conflict rules.

Qualified Purchasers

A new certified category of buyers who receive your Offer of Sale. More eyes, but every buyer still has to perform.

A big reform: 45 days

In buildings of 5+ units, tenants generally can’t assign purchase rights in the first 45 days after an Offer of Sale.

DHCD is still putting the new programs in place.

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How the Small Multifamily Group helps

Partner wants out

Compares a buyout with a sale.

Building needs capital

Compares an investment with a sale.

Ready to exit

Pricing, marketing, buyer outreach, and a workable schedule to closing.

Every case

Value, operations, capital needs, and your goals, coordinated with counsel.

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Questions

General information, not legal advice. Please keep property addresses, ownership details, and plans to sell out of the public chat.

Specific situations: let's set up a private meeting.

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BEFORE YOU SELL, BRING IN CAPITAL, OR BUY OUT A PARTNER

Request a confidential property consultation

CALL

202 -660 -1333

VISIT

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