

# As seen in January's edition of the Small Property Owner's of San Francisco Newsletter:

## Recent trends and changes in the condo conversion process

By April M. Alderiso, Esq.

The condo conversion process continues to change in form and substance. Already, the application released in February has been amended three times. Along with the revised application, there have also been several changes to the condominium conversion application process. This article will provide a brief overview of the most recent trends and changes to the condominium conversion forms and processes. These changes apply to applicants who have already won the lottery.

### No more Confirmation of Service letter

Arguably the most beneficial change is that utility letters are no longer required as proof of occupancy. Although they are still accepted, qualifying owners now sign an affidavit stating their residency duration in lieu of the utility letters as proof of occupancy. For applicants, this eliminates the hassle of contacting the utility companies and obtaining a Confirmation of Service letter—a significant benefit to those few owners who do not have any utilities in their name.

### Photo requirements now more stringent

The City is now enforcing the photograph requirement with much more diligence. As recently as 2005, only two photos were required to be submitted with the application. However, the City now requires four photos with specific views which must be completely unobstructed by parked cars or trash bins. The City imposes a \$250 fine on applicants that do not submit photographs meeting the City's strict requirements. I strongly advise applicants to visit the City's website,

[www.sfgov.org/site/sfdpw\\_page.asp?id=39784](http://www.sfgov.org/site/sfdpw_page.asp?id=39784)

to view the sample photos that are posted, and to submit a few extras at various angles when necessary in order to reduce the risk of being fined.

### Minor sidewalk encroachments

These photographs are often used to determine if a minor sidewalk encroachment (MSE) exists. An MSE is a structure such as a fence, retaining wall, warped driveway, planters, steps or stairways, or other minor structures on the sidewalk in front of the property. Recently, I have seen an increase in the number of applicants that were found to have a minor sidewalk

encroachment. Upon notice of tentative approval, the City will require applicants with an MSE to take out an MSE permit or remove the offending encroachment(s).

### Lender sign-off no longer required, but ...

Another significant change relates to the City's rules regarding lender's signoff. Since the lender has a security interest in the property, the City formerly required applicants to obtain the lender's consent before the process could be completed. Under San Francisco law, applicants are no longer required to have their lender sign off on the condo conversion process. However, there may be contractual restrictions in an applicant's loan documents requiring them to obtain a lender's signature, and there are state law considerations that your attorney should discuss with you as well. At this time, our firm has taken the position that in most instances applicants should still obtain a lender's signature, unless the applicant intends to refinance immediately after the condo conversion is complete.

### Know if your property is affected by Peskin law

The final alteration worthy of mention relates to the newly ratified Peskin legislation. That legislation now consists of two new forms that are added to the application. These forms are affidavits that all owners on title must sign and notarize. The substance of the forms relates to evictions that have occurred on the property. If your property is affected, you may not be eligible to convert your building into condominiums.

To find out if your building is affected by these new forms, to learn more about tenants' rights during conversion, and/or to gather additional general information about condo conversions, please visit our website at [www.zulpc.com](http://www.zulpc.com) or contact me to schedule a free hour-long condo conversion consultation meeting. ☞

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## Condo lottery rule changes

Rule changes were implemented last year to make the lottery more fair to those who have been in the longest. Last year's amendment was set to last for only one year, pending review of any ramifications following the rule change. However, the new rules were considered a success, so the Board of Supervisors reintroduced those changes for two more years. If you have been in the lottery for some time, your chances of winning are enhanced by this rule change.