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Int. No. 1120-B

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A Local Law to amend the administrative code of the city of New York, in relation to establishing timelines for cooperative corporations to approve or deny the sale of cooperative apartments

Be it enacted by the Council as follows:

Section 1. Title 26 of the administrative code of the city of New York is amended by adding a new chapter 37 to read as follows:

CHAPTER 37

SALES OF COOPERATIVE APARTMENTS

§ 26-3701 Definitions. For the purposes of this chapter, the following terms have the following meanings:

Application. The term "application" means the standardized written application package, including all forms, authorizations, questionnaires, and supporting documents, that a cooperative corporation requires to be submitted in connection with a sale requiring board approval.

Cooperative corporation. The term "cooperative corporation" means a corporation that owns or holds a leasehold interest in residential real property and issues shares of stock or membership interests allocated to specific dwelling units, together with proprietary leases or other occupancy agreements granting the holder the right to occupy such dwelling unit; provided, however, that such term does not include (i) a housing development fund company organized under article XI of the private housing finance law, (ii) an entity for which a sale of such shares or membership interest is subject to the approval of a governmental housing agency,

or (iii) an entity that owns or leases a residential property containing fewer than 10 dwelling units. The term "cooperative corporation" includes the board of directors and managing agent, if any, of such cooperative corporation.

Dwelling unit. The term "dwelling unit" has the same meaning as set forth at section 27-2004.

Purchaser. The term "purchaser" means the person seeking to acquire shares or a membership interest in a cooperative corporation allocated to a dwelling unit in a sale that requires the consent, approval, waiver, or other action of the cooperative corporation.

Sale. The term "sale" means the proposed conveyance or other transfer, of the shares or membership interest in a cooperative corporation that is allocated to a dwelling unit, together with the appurtenant proprietary lease or other occupancy agreement, that requires the consent, approval, waiver, or action of the cooperative corporation including by sale, assignment, transfer, exchange, gift, devise, or by operation of law.

Seller. The term "seller" means the person seeking to transfer shares or a membership interest in a cooperative corporation allocated to a dwelling unit, together with the appurtenant proprietary lease or other occupancy agreement, that requires the consent, approval, waiver, or other action of the cooperative corporation.

Summer recess notice. The term "summer recess notice" means a written notice, maintained in the records of a cooperative corporation and made available upon request, stating that the cooperative corporation does not ordinarily hold meetings during a certain period within the months of July and August, and identifying the date on which such recess is deemed to commence and the date on which such recess is deemed to terminate.

Summer recess period. The term "summer recess period" means the period within the months of July and August identified in a summer recess notice.

Transfer requirements. The term "transfer requirements" means the complete list of requirements, documents, information, forms, fees, disclosures, and procedural steps that a cooperative corporation requires a

purchaser or seller to submit or satisfy in connection with a sale, including any interview, consent form, authorization, or third-party report, that is described in the cooperative corporation's standardized application, written policies, or governing documents, and any supplemental request by the cooperative corporation in writing for the particular sale. Such term includes the cooperative corporation's instructions for submission, including designated mailing and email addresses and any stated standards for completeness.

§ 26-3702 Requirements for determination. a. A cooperative corporation shall maintain an application and transfer requirements for any sale.

b. The cooperative corporation shall provide such application and transfer requirements to a purchaser, or a purchaser's agent, and seller promptly upon request.

§ 26-3703 Acknowledgment of receipt of materials. a. Within 15 days after receiving an application from a purchaser or a purchaser's agent, a cooperative corporation shall provide to such purchaser or purchaser's agent, via email and registered mail, a written acknowledgement of materials received. The requirements of this section shall apply to a purchaser's initial submission and any subsequent submission.

b. A written acknowledgment provided pursuant to subdivision a of this section shall clearly state:

1. Whether the cooperative corporation considers the application to be complete;

2. If the application is not considered complete, each item required to make such application complete along with a citation to the application for each such items; and

3. If applicable, any additional materials requested for clarification or completion of previously submitted materials.

c. If a cooperative corporation fails to provide written acknowledgment of an application received pursuant to subdivision a of this section, such application shall be considered complete as of the date such acknowledgment was due.

d. If the cooperative corporation has adopted a summer recess notice, the time by which to meet any requirement of this section shall be tolled during the summer recess period.

§ 26-3704 Time for determination. a. No later than 45 days following acknowledgement of receipt of a complete application or the date that an application is deemed complete pursuant to subdivision c of section 26-3703, a cooperative corporation shall notify the purchaser or purchaser's agent via email whether its consent to a sale is (i) granted unconditionally, (ii) granted subject to stated conditions, or (iii) denied.

b. The cooperative corporation may request from the purchaser or purchaser's agent, via email, any additional materials for clarification or completion of previously submitted materials within the time for determination pursuant to this section.

c. The purchaser may consent in writing to extend the date by which a cooperative corporation must provide notice pursuant to this section.

d. The cooperative corporation may extend the date by which it must provide notice pursuant subdivision a of this section 1 time by no more than 14 days without the consent of the purchaser if it provides notice of such extension to the purchaser or purchaser's agent via e-mail prior to such date.

e. If the 45 day period for determination and any applicable extensions ends during a summer recess period, then the time by which the cooperative corporation must meet any requirement of this section shall be tolled during such summer recess period. Such time may be extended pursuant to subdivisions b or c of this section.

f. Nothing in this section shall be construed to prohibit a cooperative corporation from lawfully withholding or denying its consent to a sale, or granting consent subject to lawful conditions, during the timeframes allowed for such withholding or denying such consent, or granting such consent subject to lawful conditions, pursuant to this section.

§ 26-3705 Enforcement. a. Notwithstanding any other provision of law, the commissioner of housing preservation and development shall enforce the provisions of this chapter and the regulations promulgated pursuant thereto.

b. A cooperative corporation that violates or causes another person to violate a provision of this chapter

or any rule promulgated pursuant to such chapter shall be subject to a civil penalty of $1,000 for a first violation, $1,500 for a second violation, and $2,000 for a third or subsequent violation.

c. Where a cooperative corporation is found to have violated this section or any rule promulgated pursuant thereto, the department of housing preservation and development shall commence a proceeding to recover any civil penalty authorized by this section by the service of a summons returnable to the office of administrative trials and hearings.

§ 26-3706 Construction. Nothing in this chapter shall be construed or interpreted to limit or restrict the rights and remedies granted by any other applicable law.

§ 2. This local law takes effect 180 days after it becomes law, and shall apply to applications, as such term is defined in section 26-3701 of the administrative code of the city of New York, as added by section one of this local law, made on or after such date.

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