File #: Int 0426-2026, **Version:** *

Int. No. 426

By Council Member P. Sanchez, the Public Advocate (Mr. Williams) and Council Members Louis, Hudson and Farías

A Local Law to amend the administrative code of the city of New York, in relation to requiring cooperative corporations to provide financial information to prospective purchasers 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 35 to read as follows:

CHAPTER 35

SALES OF COOPERATIVE APARTMENTS

§ 26-3501 Definitions. As used in this chapter, the following terms have the following meanings:

Cooperative corporation. The term "cooperative corporation" means any corporation that grants persons the right to reside in a cooperative apartment, that right existing by such person's ownership of certificates of stock, proprietary lease, or other evidence of ownership of an interest in such entity.

Prospective purchaser. The term "prospective purchaser" means a person who has made an offer to purchase the proprietary lease and the ownership interest in a cooperative corporation from a prospective seller.

Prospective seller. The term "prospective seller" means a person who has a proprietary lease and an ownership interest in a cooperative corporation and who is offering to sell such proprietary lease and ownership interest.

§ 26-3502 Financial disclosure by a cooperative corporation. a. After an offer to purchase a proprietary lease and an ownership interest in a cooperative corporation from a prospective seller by a prospective

purchaser has been accepted by the prospective seller, the cooperative corporation must provide disclosure of its finances to the prospective purchaser within 14 days of a request for such information by the prospective purchaser or an agent of the prospective purchaser. Such financial disclosure must include, at a minimum:

1. The assets and liabilities of the cooperative corporation, including current cash flow, debt and operating expenses;

2. Any capital improvements underway or planned, and the cost of such improvements;

3. The amount in the reserve fund, if any; and

4. The most recent budget, or a statement that the cooperative corporation does not prepare a budget.

b. Any cooperative corporation that fails to provide financial disclosure to a prospective purchaser in accordance with subdivision a of this section shall be liable for a civil penalty in the amount of $500. The civil penalty established by this section may be recovered in a proceeding before the office of administrative trials and hearings.

§ 2. This local law takes effect 60 days after it becomes law.

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LS #8956
Int. #0438-2024
1/14/2026 3:40 PM