S T A T E O F N E W Y O R K

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2009-2010 Regular Sessions

I N A S S E M B L Y

February 19, 2009

Introduced by M. of A. V. LOPEZ -- read once and referred to the Committee on Housing

AN ACT to amend the general business law, in relation to the physical condition of a building being converted to cooperative or condominium ownership, to ensure the financial solvency of cooperative apartment corporations, to amend provisions relating to non-eviction plans and to provide for the election of shareholders

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Paragraph (a) of subdivision 1 of section 352-e of the general business law, as amended by chapter 1085 of the laws of 1968, is amended to read as follows:

(a) It shall be illegal and prohibited for any person, partnership, corporation, company, trust or association, or any agent or employee thereof, to make or take part in a public offering or sale in or from the state of New York of securities constituted of participation interests or investments in real estate, mortgages or leases, including stocks, bonds, debentures, evidences of interest or indebtedness, limited partnership interests or other security or securities as defined in section three hundred fifty-two of this article, when such securities consist primarily of participation interests or investments in one or more real estate ventures, including cooperative interests in realty, unless and until there shall have been filed with the department of law, prior to such offering, a written statement or statements, to be known as an "offering statement" or "prospectus" concerning the contemplated offering which shall contain the information and representations required by [paragraph] PARAGRAPHS (b) AND (D) of this subdivision unless the security offering is exempted hereunder or under SUBDIVISION TWO OF section three hundred fifty-nine-f[, subdivision two,] of this article by rule or action of the attorney general. The term "real estate" as used in [the] THIS paragraph shall not include mineral, oil

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

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or timber leases or properties, or buildings, structures, land or other realty housing or containing business offices or industry, owned or leased by the issuer, where the issuer is not primarily engaged in the business of buying and selling such building or other realty or leases or interests therein. The circulation or dissemination of a non-firm offer (including circulation or dissemination of a preliminary prospectus pursuant to section ten (b) of the securities act of nineteen hundred thirty-three, and the rules thereto appertaining) shall not constitute making or taking part in a public offering within the meaning of this section.

S 2. Subdivision 1 of section 352-e of the general business law is amended by adding a new paragraph (d) to read as follows:

(D) THE PHYSICAL CONDITION OF A BUILDING BEING CONVERTED TO COOPERATIVE OR CONDOMINIUM OWNERSHIP. THE OFFERING STATEMENT, REFERRED TO IN SUBDIVISION (A) OF THIS SECTION, SHALL PROVIDE THAT THE SPONSOR OF A PLAN TO CONVERT A BUILDING OR BUILDINGS TO COOPERATIVE OR CONDOMINIUM OWNERSHIP SHALL CAUSE TO BE CURED (I) ALL SERIOUS VIOLATIONS OF RECORD OF LOCAL OR STATE LAW OR REGULATIONS REGARDING CONDITIONS IN THE BUILDING OR GROUNDS OF THE REAL PROPERTY WHICH IS THE SUBJECT OF THE OFFERING, EXISTING ON THE DATE OF EFFECTIVENESS OF THE PLAN, EXCEPT THOSE WHICH, IF NOT CORRECTED, WOULD NOT LEAD TO DANGEROUS OR HAZARDOUS CONDITIONS, AS CERTIFIED BY A REGISTERED ARCHITECT OR PROFESSIONAL ENGINEER RETAINED BY THE SPONSOR, AND (II) ALL DANGEROUS AND HAZARDOUS CONDITIONS IN SUCH REAL PROPERTY EXISTING ON THE DATE OF EFFECTIVENESS OF THE PLAN WHICH A REGISTERED ARCHITECT OR PROFESSIONAL ENGINEER RETAINED BY THE SPONSOR CERTIFIES ARE NOT IN COMPLIANCE WITH APPLICABLE STATE OR LOCAL LAWS OR REGULATIONS.

THE OFFERING PLAN MUST FURTHER PROVIDE THAT IF ANY SUCH VIOLATIONS OR RECORD REFERRED TO IN SUBPARAGRAPH (I) OF THIS PARAGRAPH OR DANGEROUS OR HAZARDOUS CONDITIONS REFERRED TO IN SUBPARAGRAPH (II) OF THIS PARAGRAPH ARE NOT CORRECTED BY THE CLOSING DATE, THE SPONSOR SHALL PLACE IN ESCROW A SUM OF MONEY WHICH IS CERTIFIED BY A REGISTERED ARCHITECT OR PROFESSIONAL ENGINEER RETAINED BY THE SPONSOR AS SUFFICIENT TO COVER THE REMAINING COST OF CORRECTION. THE SPONSOR MAY EXPEND THE ESCROW MONEY TO CURE SUCH VIOLATIONS OR DANGEROUS OR HAZARDOUS CONDITIONS. IN THE EVENT THAT THE CORRECTIVE WORK IS NOT COMPLETED WITHIN ONE YEAR OF THE CLOSING DATE, THE SUM IN ESCROW SHALL BE TURNED OVER TO THE COOPERATIVE CORPORATION OR CONDOMINIUM BOARD OF MANAGERS AND USED TO COMPLETE THE WORK. ANY ESCROW MONEY REMAINING AFTER ALL REQUIRED WORK IS COMPLETED SHALL BE RETURNED TO THE SPONSOR. WHERE THE SPONSOR PLACES INTO A RESERVE FUND AN AMOUNT IN EXCESS OF THAT REQUIRED BY STATE AND LOCAL LAW WHICH IS SPECIFICALLY ALLOCATED AND ADEQUATE TO CURE SUCH PARTICULAR VIOLATION OF RECORD OR DANGEROUS OR HAZARDOUS CONDITION, NO MONEY NEEDS TO BE PLACED IN ESCROW FOR SUCH VIOLATION OR DANGEROUS OR HAZARDOUS CONDITION. IF THE SUM IN ESCROW OR SPECIFICALLY ALLOCATED IN A RESERVE FUND IS NOT SUFFICIENT TO CURE SUCH VIOLATIONS OF RECORD OR DANGEROUS OR HAZARDOUS CONDITIONS THE SPONSOR SHALL REMAIN LIABLE TO CURE SUCH VIOLATIONS OR DANGEROUS OR HAZARDOUS CONDITIONS.

S 3. Section 352-k of the general business law is amended by adding a new subdivision 1-a to read as follows:

1-A. EVERY BROKER-DEALER WHO IS ALSO AN OFFEROR OF PARTICIPATION INTERESTS IN REAL ESTATE, AND WHO IS REQUIRED TO FILE AN OFFERING STATEMENT OR PROSPECTUS WITH THE DEPARTMENT OF LAW, PURSUANT TO SECTION THREE HUNDRED FIFTY-TWO-E OF THIS ARTICLE, SHALL HAVE AND MAINTAIN A NET CAPITAL, AS SUCH TERM IS DEFINED IN SUBDIVISION ONE OF THIS SECTION, EQUAL TO NOT LESS THAN FIVE PERCENT OF THE TOTAL AMOUNT OF THE OFFERING FOR

EACH VENTURE FOR WHICH AN OFFERING STATEMENT IS FILED. AT LEAST ONE-FIFTH OF SUCH NET CAPITAL SHALL BE IN THE FORM OF CASH EQUIVALENTS. THE ATTORNEY GENERAL IS HEREBY AUTHORIZED AND EMPOWERED TO PROMULGATE RULES AND REGULATIONS TO EFFECTUATE THE PROVISIONS OF THIS SUBDIVISION.

S 4. The general business law is amended by adding a new section 352-m to read as follows:

S 352-M. CONVERSION TO COOPERATIVE CORPORATION; ESCROW REQUIRED. EVERY OFFEROR OF PARTICIPATION INTERESTS IN REAL ESTATE, WHERE THE OFFER CONSISTS OF COOPERATIVE INTERESTS IN RESIDENTIAL RENTAL PROPERTY BEING CONVERTED TO A COOPERATIVE CORPORATION FORM OF OWNERSHIP SHALL BE REQUIRED TO MAINTAIN FUNDS IN ESCROW TO SECURE PAYMENT OF ONGOING FINANCIAL OBLIGATIONS AFTER THE CLOSING AT WHICH THE COOPERATIVE FORM OF OWNERSHIP COMMENCES. WHERE THE OFFEROR HAS SOLD SHARES ALLOCATED TO MORE THAN TWENTY-FIVE PERCENT OF THE UNITS OFFERED PRIOR TO OR CONCURRENTLY WITH SUCH CLOSING, THE OFFEROR SHALL PLACE IN ESCROW AN AMOUNT EQUAL TO NOT LESS THAN TWENTY-FOUR TIMES THE DIFFERENCE BETWEEN THE MONTHLY MAINTENANCE DUE AND THE MONTHLY RENT DUE ON THE UNITS OF WHICH THE SPONSOR IS THE PROPRIETARY LESSEE, WHERE THE TOTAL OF SUCH MAINTENANCE DUE EXCEEDS THE TOTAL OF SUCH RENTS DUE. WHERE THE OFFEROR HAS SOLD FEWER THAN TWENTY-FIVE PERCENT OF THE SHARES ALLOCATED TO UNITS OFFERED AT THE TIME OF CLOSING, THE OFFEROR SHALL PLACE IN ESCROW AN AMOUNT EQUAL TO NO LESS THAN THIRTY-SIX TIMES THE DIFFERENCE BETWEEN THE MONTHLY MAINTENANCE AND THE MONTHLY RENT DUE ON THE UNITS OF WHICH THE SPONSOR IS THE PROPRIETARY LESSEE, WHERE THE TOTAL OF SUCH MAINTENANCE DUE EXCEEDS THE RENTS COLLECTIBLE. WHEN THE OFFEROR OBTAINS SALES OF SHARES ALLOCATED TO UNITS TOTALING MORE THAN TWENTY-FIVE PERCENT OF THE UNITS, THE AMOUNT IN ESCROW MAY BE REDUCED TO THE LOWER LEVEL SET FORTH ABOVE. THE AMOUNT TO BE MAINTAINED IN ESCROW SHALL BE RECALCULATED ANNUALLY TO REFLECT THE CURRENT SHORTFALL BETWEEN MAINTENANCE DUE AND RENT DUE ON THE UNITS OF WHICH THE SPONSOR IS THE PROPRIETARY LESSEE. THE ATTORNEY GENERAL IS HEREBY AUTHORIZED AND EMPOWERED TO PROMULGATE RULES AND REGULATIONS TO EFFECTUATE THE PROVISIONS OF THIS SECTION.

S 5. Paragraph (a) of subdivision 7 of section 352-e of the general business law, as amended by section 1 of part BBB-1 of chapter 57 of the laws of 2008, is amended to read as follows:

(a) The department of law shall collect the following fees for the filing of each offering statement or prospectus as described in subdivision one of this section: seven hundred fifty dollars for every offering not in excess of two hundred fifty thousand dollars; for every offering in excess of two hundred fifty thousand dollars, four-tenths of one percent of the total amount of the offering but not in excess of thirty thousand dollars of which one-half of said amount shall be a nonrefundable deposit paid at the time of submitting the offering statement to the department of law for review and the balance payable upon the issuance of a letter of acceptance for filing said offering statement. The department of law shall, in addition, collect a fee of two hundred twenty-five dollars for each amendment to an offering statement AND FOR EACH STATEMENT FILED PURSUANT TO SUBDIVISION EIGHT-A OF THIS SECTION. For each application granted by the department of law which permits the applicant to solicit public interest or public funds preliminary to the filing of an offering statement or for the issuance of a "no-filing required" letter, the department of law shall collect a fee of two hundred twenty-five dollars. In the event the sponsor thereafter files an offering statement, the fee paid for the preliminary application shall be credited against the balance of the fee due and payable on filing. For each application granted pursuant to section three hundred

fifty-two-g of this article, the department of law shall collect a fee of two-tenths of one percent of the amount of the offering of securities; however, the minimum fee shall be seven hundred fifty dollars and the maximum fee shall be thirty thousand dollars. All revenue from that portion of any fee imposed pursuant to this paragraph, which exceeds twenty thousand dollars shall be paid by the department of law to the state comptroller to be deposited in and credited to the real estate finance bureau fund, established pursuant to section eighty of the state finance law.

S 6. Section 352-e of the general business law is amended by adding a new subdivision 8-a to read as follows:

8-A. EVERY OFFEROR OF PARTICIPATION INTERESTS IN REAL ESTATE, CONSISTING OF SHARES AND CONCOMITANT UNITS IN A COOPERATIVE CORPORATION, WHICH SHALL HAVE BEEN REQUIRED TO FILE AN OFFERING STATEMENT OR PROSPECTUS UNDER SUBDIVISION ONE OF THIS SECTION SHALL FILE WITH THE DEPARTMENT OF LAW AND SERVE ON ALL SHAREHOLDERS, A STATEMENT DESCRIBING THE OFFEROR'S FINANCIAL OBLIGATIONS TO THE COOPERATIVE CORPORATION AND DISCLOSING THE STATUS OF SUCH OBLIGATIONS. SUCH STATEMENT SHALL BE FILED AND SERVED ANNUALLY, NO LATER THAN THREE MONTHS AFTER THE END OF THE COOPERATIVE CORPORATION'S FISCAL YEAR. THE ATTORNEY GENERAL IS HEREBY AUTHORIZED AND EMPOWERED TO PROMULGATE RULES AND REGULATIONS TO EFFECTUATE THE PROVISIONS OF THIS SUBDIVISION.

S 7. Paragraph (b) of subdivision 1 of section 352-eee of the general business law, as added by chapter 402 of the laws of 1983, is amended to read as follows:

(b) "Non-eviction plan". A plan which may not be declared effective until at least [fifteen] THIRTY-FIVE percent of those bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the plan [is declared effective] WAS ACCEPTED FOR FILING BY THE ATTORNEY GENERAL shall have executed and delivered written agreements to purchase under the plan[. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the plan for filing, the purchase agreement shall be executed and delivered] pursuant to an offering made in good faith without fraud and WITH NO discriminatory repurchase agreements or other discriminatory inducements.

S 8. Subparagraph (i) of paragraph (c) of subdivision 2 of section 352-eee of the general business law, as added by chapter 402 of the laws of 1983, is amended to read as follows:

(i) The plan may not be declared effective until at least [fifteen] THIRTY-FIVE percent of those bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the plan [is declared effective] WAS ACCEPTED FOR FILING BY THE ATTORNEY GENERAL shall have executed and delivered written agreements to purchase under the plan[. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the plan for filing, the purchase agreement shall be executed and delivered] pursuant to an offering made in good faith without fraud and WITH NO discriminatory repurchase agreements or other discriminatory inducements.

S 9. Paragraph (c) of subdivision 2 of section 352-eee of the general business law is amended by adding a new subparagraph (viii) to read as follows:

(VIII) THE TENANTS IN OCCUPANCY ON THE DATE THE ATTORNEY GENERAL ACCEPTS THE PLAN FOR FILING SHALL HAVE THE EXCLUSIVE RIGHT TO PURCHASE THEIR DWELLING UNITS OR SHARES ALLOCATED THERETO FOR NINETY DAYS AFTER THE PLAN IS ACCEPTED FOR FILING BY THE ATTORNEY GENERAL AND PRESENTED TO

THE TENANTS, DURING WHICH TIME A TENANT'S DWELLING UNIT SHALL NOT BE SHOWN TO A THIRD PARTY UNLESS SUCH TENANT HAS, IN WRITING, WAIVED HIS OR HER RIGHT TO PURCHASE; SUBSEQUENT TO THE EXPIRATION OF SUCH NINETY DAY PERIOD, A TENANT IN OCCUPANCY OF A DWELLING UNIT WHO HAS NOT PURCHASED SHALL BE GIVEN THE EXCLUSIVE RIGHT FOR AN ADDITIONAL PERIOD OF SIX MONTHS FROM SUCH EXPIRATION DATE TO PURCHASE SUCH DWELLING UNIT OR THE SHARES ALLOCATED THERETO ON THE SAME TERMS AND CONDITIONS AS ARE CONTAINED IN AN EXECUTED CONTRACT TO PURCHASE, SUBJECT TO THE PROVISIONS OF THIS PARAGRAPH, SUCH DWELLING UNIT OR SHARES ENTERED INTO BY A BONA FIDE PURCHASER, SUCH EXCLUSIVE RIGHT TO BE EXERCISABLE WITHIN FIFTEEN DAYS FROM THE DATE OF MAILING BY REGISTERED MAIL OF NOTICE OF THE EXECUTION OF A CONTRACT OF SALE TOGETHER WITH A COPY OF SUCH EXECUTED CONTRACT TO SUCH TENANT.

S 10. Paragraph (b) of subdivision 1 of section 352-eeee of the general business law, as added by chapter 555 of the laws of 1982, is amended to read as follows:

(b) "Non-eviction plan". A plan which may not be declared effective until written purchase agreements have been executed and delivered for at least [fifteen] THIRTY-FIVE percent of THE BONA FIDE TENANTS IN OCCUPANCY OF all dwelling units in the building or group of buildings or development [by bona fide tenants in occupancy or bona fide purchasers who represent that they intend that they or one or more members of their immediate family intend to occupy the unit when it becomes vacant. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the plan for filing, the purchase agreement shall be executed and delivered] ON THE DATE THE OFFERING STATEMENT OR PROSPECTUS WAS ACCEPTED FOR FILING BY THE ATTORNEY GENERAL SHALL HAVE EXECUTED AND DELIVERED WRITTEN AGREEMENTS TO PURCHASE UNDER THE PLAN pursuant to an offering made in good faith without fraud and WITH NO discriminatory repurchase agreements or other discriminatory inducements.

S 11. Subparagraph (i) of paragraph (c) of subdivision 2 of section 352-eeee of the general business law, as added by chapter 555 of the laws of 1982, is amended to read as follows:

(i) The plan may not be declared effective until written purchase agreements have been executed and delivered for at least [fifteen] THIRTY-FIVE percent of THE BONA FIDE TENANTS IN OCCUPANCY OF all dwelling units in the building or group of buildings or development [subscribed for by bona fide tenants in occupancy or bona fide purchasers who represent that they intend that they or one or more members of their immediate family occupy the dwelling unit when it becomes vacant. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the plan for filing, the purchase agreement shall be executed and delivered] ON THE DATE THE OFFERING STATEMENT OR PROSPECTUS WAS ACCEPTED FOR FILING BY THE ATTORNEY GENERAL SHALL HAVE EXECUTED AND DELIVERED WRITTEN AGREEMENTS TO PURCHASE UNDER THE PLAN pursuant to an offering made IN GOOD FAITH without FRAUD AND WITH NO discriminatory repurchase agreements or other discriminatory inducements.

S 12. Paragraph (c) of subdivision 2 of section 352-eeee of the general business law is amended by adding a new subparagraph (viii) to read as follows:

(VIII) THE TENANTS IN OCCUPANCY ON THE DATE THE ATTORNEY GENERAL ACCEPTS THE PLAN FOR FILING SHALL HAVE THE EXCLUSIVE RIGHT TO PURCHASE THEIR DWELLING UNITS OR SHARES ALLOCATED THERETO FOR NINETY DAYS AFTER THE PLAN IS ACCEPTED FOR FILING BY THE ATTORNEY GENERAL AND PRESENTED TO

THE TENANTS, DURING WHICH TIME A TENANT'S DWELLING UNIT SHALL NOT BE SHOWN TO A THIRD PARTY UNLESS SUCH TENANT HAS, IN WRITING, WAIVED HIS OR HER RIGHT TO PURCHASE; SUBSEQUENT TO THE EXPIRATION OF SUCH NINETY DAY PERIOD, A TENANT IN OCCUPANCY OF A DWELLING UNIT WHO HAS NOT PURCHASED SHALL BE GIVEN THE EXCLUSIVE RIGHT FOR AN ADDITIONAL PERIOD OF SIX MONTHS FROM SUCH EXPIRATION DATE TO PURCHASE SUCH DWELLING UNIT OR THE SHARES ALLOCATED THERETO ON THE SAME TERMS AND CONDITIONS AS ARE CONTAINED IN AN EXECUTED CONTRACT TO PURCHASE, SUBJECT TO THE PROVISIONS OF THIS PARAGRAPH, SUCH DWELLING UNIT OR SHARES ENTERED INTO BY A BONA FIDE PURCHASER, SUCH EXCLUSIVE RIGHT TO BE EXERCISABLE WITHIN FIFTEEN DAYS FROM THE DATE OF MAILING BY REGISTERED MAIL OF NOTICE OF THE EXECUTION OF A CONTRACT OF SALE TOGETHER WITH A COPY OF SUCH EXECUTED CONTRACT TO SUCH TENANT.

S 13. Section 352-e of the general business law is amended by adding a new subdivision 2-d to read as follows:

2-D. (A) EXCEPT IN THE CASE OF A PHASED DEVELOPMENT OR TIMESHARE, THE ATTORNEY GENERAL SHALL REFUSE TO ISSUE A LETTER STATING THAT AN OFFERING PLAN HAS BEEN FILED, OR IN THE CASE OF AN OFFERING PLAN ALREADY ACCEPTED FOR FILING, SHALL REFUSE TO ACCEPT AN AMENDMENT TO THE PLAN, UNLESS THE PLAN OR AMENDMENT PROVIDES THAT:

(1) WITHIN SIXTY DAYS AFTER TITLE IS TRANSFERRED TO THE APARTMENT CORPORATION OR THE FIRST CONDOMINIUM UNIT CLOSES, AN ELECTION SHALL BE HELD FOR THE BOARD OF DIRECTORS OR BOARD OF MANAGERS, AT WHICH TIME AT LEAST ONE MEMBER SHALL BE ELECTED BY AND FROM AMONG THE SHAREHOLDERS OR UNIT OWNERS IN OCCUPANCY, AND SUCH ELECTED MEMBER SHALL BE NEITHER THE OFFEROR, NOR A RELATIVE, BUSINESS ASSOCIATE, AGENT, DESIGNEE, AFFILIATE, PARTNER OR EMPLOYEE OF THE OFFEROR. WHERE TITLE IS IN THE NAME OF THE COOPERATIVE CORPORATION AT THE TIME THE OFFERING PLAN IS SUBMITTED TO THE DEPARTMENT OF LAW, THE ELECTION SHALL BE HELD WITHIN SIXTY DAYS AFTER SHARES ARE TRANSFERRED TO BONA FIDE PURCHASERS.

(2) WITHIN TWO YEARS AFTER TITLE IS TRANSFERRED TO THE APARTMENT CORPORATION OR THE FIRST UNIT OF A CONDOMINIUM CLOSES, A MAJORITY OF THE BOARD OF DIRECTORS OR MANAGERS SHALL BE ELECTED BY AND FROM AMONG THE SHAREHOLDERS OR UNIT OWNERS WHO ARE IN OCCUPANCY REGARDLESS OF THE NUMBER OF UNSOLD SHARES OR UNITS HELD BY THE OFFEROR.

(B) IF ANY ACTION TAKEN BY A BOARD OF DIRECTORS OR BOARD OF MANAGERS THAT HAS NOT BEEN ELECTED IN ACCORDANCE WITH SUBPARAGRAPHS ONE AND TWO OF PARAGRAPH (A) OF THIS SUBDIVISION RESULTS IN A BENEFIT, FINANCIAL OR OTHERWISE, TO THE OFFEROR OR AN AFFILIATE OF THE OFFEROR, A SHAREHOLDER OF THE COOPERATIVE CORPORATION OR UNIT OWNER IN A CONDOMINIUM MAY SUE THE OFFEROR ON BEHALF OF THE COOPERATIVE CORPORATION OR CONDOMINIUM ASSOCIATION TO RECOVER THE VALUE OF ANY BENEFIT RECEIVED BY THE OFFEROR, OR ANY AFFILIATE OF THE OFFEROR. IF SUCH VALUE CANNOT BE REASONABLY ASCERTAINED, THE COURT MAY AWARD DAMAGES PAYABLE BY THE OFFEROR TO THE COOPERATIVE CORPORATION OR CONDOMINIUM ASSOCIATION, NOT TO EXCEED FIVE THOUSAND DOLLARS FOR EVERY SUCH ACTION.

(C) IF AT THE TIME THIS SUBDIVISION TAKES EFFECT FEWER THAN EIGHTEEN MONTHS SHALL HAVE ELAPSED SINCE ANY GIVEN PLAN HAS BEEN DECLARED EFFECTIVE, A VOTE THAT COMPLIES WITH SUBPARAGRAPH ONE OF PARAGRAPH (A) OF THIS SUBDIVISION SHALL BE HELD WITHIN SIXTY DAYS OF THE EFFECTIVE DATE OF THIS SUBDIVISION. HOWEVER, IF ON SUCH EFFECTIVE DATE EIGHTEEN MONTHS OR MORE SHALL HAVE ELAPSED SINCE ANY GIVEN PLAN HAS BEEN DECLARED EFFECTIVE, A VOTE THAT COMPLIES WITH SUBPARAGRAPH TWO OF PARAGRAPH (A) OF THIS SUBDIVISION SHALL BE HELD WITHIN SIXTY DAYS OF THE EFFECTIVE DATE OF THIS SUBDIVISION.

S 14. Severability. If any clause, sentence, paragraph, section or part of this act shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, section, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

S 15. This act shall take effect immediately and shall apply to plans and offering statements submitted to the attorney general after such effective date and to plans and offering statements submitted but not yet accepted for filing; provided, however, that the amendments to section 352-eee of the general business law made by sections seven, eight and nine of this act and the amendments to section 352-eeee of the general business law made by sections ten, eleven and twelve of this act shall not affect the expiration of such sections and shall be deemed to expire therewith.