

3468

2009-2010 Regular Sessions

I N S E N A T E

March 19, 2009

Introduced by Sens. MORAHAN, VOLKER -- read twice and ordered printed,
and when printed to be committed to the Committee on Social Services

AN ACT to amend the social services law, in relation to granting residents of adult homes, residences for adults, enriched housing programs and assisted living programs a cause of action to seek the appointment of temporary or permanent receivers of such residential programs for adults

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

1 Section 1. Section 461-c of the social services law is amended by
2 adding a new subdivision 10 to read as follows:

3 10. (A) AS A MEANS OF PROTECTING THE HEALTH, SAFETY AND WELFARE OF A
4 RESIDENT OR RESIDENTS OF AN ADULT HOME, RESIDENCE FOR ADULTS, ENRICHED
5 HOUSING PROGRAM OR ASSISTED LIVING PROGRAM, SUCH RESIDENT OR RESIDENTS
6 MAY SEEK JUDICIAL RELIEF. IN ADDITION TO OTHER FORMS OF RELIEF AVAILABLE
7 UNDER THIS ARTICLE, A RESIDENT OR RESIDENTS OF AN ADULT HOME, RESIDENCE
8 FOR ADULTS, ENRICHED HOUSING PROGRAM OR ASSISTED LIVING FACILITY MAY
9 SEEK EQUITABLE RELIEF FROM A COURT, INCLUDING, BUT NOT LIMITED TO, THE
10 APPOINTMENT OF A TEMPORARY OR PERMANENT RECEIVER. A RESIDENT OR RESI-
11 DENTS OF AN ADULT HOME, RESIDENCE FOR ADULTS, ENRICHED HOUSING PROGRAM
12 OR ASSISTED LIVING PROGRAM, OR HIS, HER OR THEIR REPRESENTATIVE MAY
13 COMMENCE AN ACTION IN THE SUPREME COURT OF THE COUNTY IN WHICH THE
14 FACILITY IS LOCATED TO SEEK THE APPOINTMENT OF A TEMPORARY OR PERMANENT
15 RECEIVER.

16 (B) UPON THE COMMENCEMENT OF AN ACTION PURSUANT TO PARAGRAPH (A) OF
17 THIS SUBDIVISION, THE COMMISSIONER OF HEALTH SHALL BE SERVED AND GIVEN
18 THE OPPORTUNITY TO JOIN AS A PARTY TO THE ACTION. IN ADDITION TO OTHER
19 METHODS OF SERVICE AUTHORIZED BY LAW, SERVICE UPON SUCH COMMISSIONER MAY
20 BE EFFECTUATED AT THE COMMISSIONER'S OFFICE IN THE CITY OF NEW YORK.
21 FAILURE OF THE COMMISSIONER OF HEALTH TO JOIN AN ACTION FOR THE APPOINT-
22 MENT OF A RECEIVER SHALL NOT BE AN IMPEDIMENT TO THE ACTION. ON THE

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

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1 RETURN OF SUCH ACTION, DETERMINATION OF THE PROCEEDING TO APPOINT A
2 RECEIVER SHALL HAVE PRECEDENCE OVER EVERY OTHER BUSINESS OF THE COURT
3 UNLESS THE COURT SHALL FIND THAT SOME OTHER PENDING PROCEEDING, HAVING
4 SIMILAR STATUTORY PRECEDENCE, SHALL HAVE PRIORITY. THE COURT MAY CONDUCT
5 A HEARING AT WHICH ALL INTERESTED PARTIES SHALL HAVE THE OPPORTUNITY TO
6 PRESENT EVIDENCE PERTAINING TO THE APPLICATION. IF THE COURT SHALL FIND
7 THAT CONDITIONS ENDANGERING THE HEALTH, SAFETY OR WELFARE OF A RESIDENT
8 OR RESIDENTS EXIST, THE COURT MAY MAKE AN ORDER GRANTING SUCH EQUITABLE
9 RELIEF AS IT DEEMS NECESSARY, INCLUDING, BUT NOT LIMITED TO, THE
10 APPOINTMENT OF A TEMPORARY OR PERMANENT RECEIVER.

11 (C) THE COURT APPOINTED RECEIVER SHALL OPERATE SUCH FACILITY IN
12 COMPLIANCE WITH ALL OF THE APPLICABLE LAWS, RULES AND REGULATIONS OF THE
13 DEPARTMENT OF HEALTH, AND SHALL HAVE SUCH ADDITIONAL POWERS, AS APPROVED
14 BY THE COURT, AS SHALL BE NECESSARY TO SO OPERATE THE FACILITY. SUCH
15 RECEIVER SHALL DISPOSE OF THE RENTS AND OTHER MONIES DEPOSITED WITH HIM
16 OR HER ACCORDING TO THE FOLLOWING ORDER OF PRIORITY:

17 (1) CORRECTION OF VIOLATIONS OF THIS CHAPTER AND THE RULES AND REGU-
18 LATIONS ADOPTED PURSUANT THERETO, AND EXPENDITURES NECESSARY TO ENSURE
19 THAT THE HEALTH, SAFETY AND WELFARE OF THE RESIDENTS ARE PROTECTED.
20 UNTIL PAYMENT IN FULL FOR THE CORRECTION OF VIOLATIONS AND REMOVAL OF
21 CONDITIONS ENDANGERING THE HEALTH, SAFETY OR WELFARE HAVE BEEN MADE, NO
22 OTHER DISBURSEMENTS SHALL BE PERMITTED, EXCEPT FOR FUEL BILLS, FIRE AND
23 LIABILITY INSURANCE, AND BILLS FOR ORDINARY REPAIRS AND MAINTENANCE;

24 (2) PAYMENT OF A FEE FOR THE RECEIVER'S SERVICES;

25 (3) PAYMENT OF OUTSTANDING STATE, CITY AND FEDERAL TAXES AND/OR LIENS;
26 AND

27 (4) PAYMENT TO THE OWNERS OR PRIME LESSORS OF RENT, AS DETERMINED BY
28 THE COURT PURSUANT TO PARAGRAPH (D) OF THIS SUBDIVISION.

29 (D) EXCEPT IN THE CASE WHERE THE RECEIVER IS ASSUMING AN EXISTING BONA
30 FIDE ARMS LENGTH LEASE, THE COURT SHALL DETERMINE A REASONABLE MONTHLY
31 RENTAL FOR THE FACILITY, BASED ON CONSIDERATION OF ALL APPROPRIATE
32 FACTORS, INCLUDING THE CONDITION OF THE FACILITY. THE RENT AS DETERMINED
33 BY THE COURT SHALL BE PAID BY THE RECEIVER TO THE OWNERS OR PRIME
34 LESSORS FOR EACH MONTH THAT THE RECEIVERSHIP REMAINS IN EFFECT, IF
35 MONIES ARE REMAINING AFTER MAKING THE EXPENDITURES PRIORITIZED IN PARA-
36 GRAPH (C) OF THIS SUBDIVISION. NOTHING CONTAINED IN THIS PARAGRAPH SHALL
37 BE CONSTRUED TO ALTER OR DIMINISH ANY OBLIGATION THE OPERATOR MAY HAVE
38 UNDER ANY CURRENTLY VALID LEASE. THE RECEIVER SHALL HAVE THE POWER TO
39 LET CONTRACTS FOR THE FACILITY OR TO INCUR EXPENSES, PROVIDED THAT WHERE
40 THE INDIVIDUAL ITEMS OF REPAIRS, IMPROVEMENTS OR SUPPLIES EXCEED THREE
41 THOUSAND DOLLARS, THE RECEIVER SHALL OBTAIN PRICE QUOTATIONS FROM AT
42 LEAST THREE REPUTABLE SOURCES AND USE THE LEAST COSTLY SOURCE UNLESS
43 THERE IS GOOD CAUSE NOT TO USE SUCH SOURCE, WHICH SHALL BE DOCUMENTED IN
44 WRITING BY THE RECEIVER. THE RECEIVER SHALL NOT BE REQUIRED TO FILE ANY
45 BOND. HE OR SHE SHALL COLLECT INCOMING PAYMENTS FROM ALL SOURCES AND
46 APPLY THEM TO THE COSTS INCURRED IN THE PERFORMANCE OF HIS OR HER FUNC-
47 TIONS AS RECEIVER. AFTER PAYMENT OF EXPENDITURES FOR THE PRIORITIES
48 LISTED IN PARAGRAPH (C) OF THIS SUBDIVISION, THE RECEIVER SHALL HONOR
49 ALL EXISTING LEASES, MORTGAGES AND CHATTEL MORTGAGES THAT HAD PREVIOUSLY
50 BEEN UNDERTAKEN AS OBLIGATIONS OF THE OWNERS OR OPERATORS OF THE FACILI-
51 TY AND COMPENSATE THE OWNERS OF ANY GOODS HELD IN INVENTORY FOR THOSE
52 GOODS THAT HE OR SHE USES OR CAUSES TO BE USED BY REIMBURSING THE COSTS
53 OF SUCH GOODS, EXCEPT THAT NO COMPENSATION SHALL BE MADE FOR ANY SUCH
54 GOODS FOR WHICH SUCH OWNERS HAVE ALREADY BEEN REIMBURSED.

55 (E) THE RECEIVER SHALL BE ENTITLED TO SUCH FEE AND REIMBURSEMENT FOR
56 EXPENSES AS DETERMINED BY THE COURT, BASED UPON CONSIDERATION OF ALL

1 APPROPRIATE FACTORS RELATING TO THE OPERATION OF THE FACILITY, TO BE
2 PAID AS A CHARGE AGAINST THE OPERATOR, NOT TO EXCEED THE FEES, COMMIS-
3 SIONS AND NECESSARY EXPENSES AUTHORIZED TO BE PAID TO RECEIVERS IN AN
4 ACTION TO FORECLOSE A MORTGAGE. THE RECEIVER SHALL NOTIFY THE PETITION-
5 ER OR PETITIONERS AND THE COURT OF ANY LIEN OR CONVEYANCE MADE IN
6 CONTEMPLATION OF RECEIVERSHIP WITH AN INTENT TO REMOVE AN ASSET OF THE
7 FACILITY FROM THE JURISDICTION AND USE OF THE RECEIVER, OR TO HINDER OR
8 DELAY THE RECEIVER IN THE EXECUTION OF HIS OR HER DUTIES. WITH RESPECT
9 TO ANY SUCH LIEN OR CONVEYANCE, THE PETITIONER OR PETITIONERS AND THE
10 RECEIVER SHALL HAVE AVAILABLE ANY REMEDY AVAILABLE TO A TRUSTEE IN A
11 BANKRUPTCY PROCEEDING PURSUANT TO THE FEDERAL BANKRUPTCY ACT OR ANY
12 REMEDY AVAILABLE TO A CREDITOR IN A PROCEEDING PURSUANT TO ARTICLE TEN-A
13 OF THE DEBTOR AND CREDITOR LAW, AND THE PETITIONER AND/OR RECEIVER MAY
14 APPLY TO THE COURT TO HAVE SUCH LIEN OR CONVEYANCE SET ASIDE, OR TO HAVE
15 THE COURT MAKE ANY ORDER WHICH THE CIRCUMSTANCES OF THE CASE MAY
16 REQUIRE.

17 (F) THE PROVISIONS OF PARAGRAPHS (F), (G) AND (H) OF SUBDIVISION FOUR
18 OF SECTION FOUR HUNDRED SIXTY-ONE-F OF THIS TITLE SHALL APPLY TO RECEIV-
19 ERSHIPS COMMENCED UNDER THIS SUBDIVISION.

20 (G) A RECEIVER APPOINTED PURSUANT TO THIS SUBDIVISION MAY SEEK PAYMENT
21 PURSUANT TO THE PROVISIONS OF SUBDIVISION FIVE OF SECTION FOUR HUNDRED
22 SIXTY-ONE-F OF THIS TITLE.

23 (H) WHEN A RECEIVER HAS BEEN APPOINTED, THE OPERATOR, OPERATORS,
24 ADMINISTRATOR AND/OR MANAGEMENT OF THE FACILITY SHALL:

25 (1) IMMEDIATELY TRANSFER ALL RECORDS CONCERNING OPERATION OF THE
26 FACILITY, INCLUDING RESIDENT RECORDS, FACILITY BUSINESS RECORDS AND ANY
27 OTHER RECORDS RELATED TO THE OPERATION OF THE FACILITY TO THE RECEIVER;

28 (2) BE BARRED FROM ACCESS TO THE FACILITY DURING THE TERM OF THE
29 RECEIVERSHIP; AND

30 (3) PROVIDE THE RECEIVER WITH ANY FUNDS RECEIVED BY THE OPERATOR FOR
31 THE OPERATION OF THE FACILITY.

32 (I) THE COURT SHALL DETERMINE AT THE TIME OF THE APPOINTMENT OF A
33 RECEIVER UNDER THIS SUBDIVISION THE CONDITIONS UPON WHICH OR THE PERIOD
34 AFTER WHICH THE RECEIVERSHIP WILL TERMINATE. AT THE TIME OF TERMINATION
35 OF THE RECEIVERSHIP, THE RECEIVER SHALL RENDER A FULL AND COMPLETE
36 ACCOUNTING TO THE COURT AND SHALL DISPOSE OF ANY PROFIT OR SURPLUS MONEY
37 AT THE DIRECTION OF THE COURT.

38 (J) THE COURT MAY AWARD THE PREVAILING PARTY IN AN ACTION FOR THE
39 APPOINTMENT OF A RECEIVER NECESSARY AND REASONABLE EXPENSES INCURRED BY
40 OR ON BEHALF OF THE PARTY, INCLUDING COSTS AND ATTORNEYS' FEES.

41 S 2. This act shall take effect on the one hundred eightieth day after
42 it shall have become a law, provided that any rules and regulations
43 necessary to implement the provisions of this act on its effective date
44 are authorized and directed to be completed on or before such date.