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

4403

2009-2010 Regular Sessions

I N S E N A T E

April 22, 2009

Introduced by Sen. SQUADRON -- read twice and ordered printed, and when printed to be committed to the Committee on Housing, Construction and Community Development

AN ACT to amend the general business law, in relation to notification of cooperative or condominium self-dealing contract termination

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

Section 1. Section 352-e of the general business law is amended by adding a new subdivision 2-d to read as follows:

2-D. (A) FOR THE PURPOSES OF THIS SUBDIVISION THE TERM "SELF-DEALING CONTRACT" SHALL BE DEFINED AS ANY CONTRACT OR PORTION THEREOF WHICH IS ENTERED INTO AFTER OCTOBER EIGHTH, NINETEEN HUNDRED EIGHTY, AND WHICH:

(I) PROVIDES FOR OPERATION, MAINTENANCE, OR MANAGEMENT OF A CONDOMINIUM OR COOPERATIVE ASSOCIATION IN A CONVERSION PROJECT, OR OF PROPERTY SERVING THE CONDOMINIUM OR COOPERATIVE UNIT OWNERS IN SUCH PROJECTS;

(II) IS BETWEEN SUCH UNIT OWNERS OR SUCH ASSOCIATION AND THE DEVELOPER OR AN AFFILIATE OF THE DEVELOPER;

(III) WAS ENTERED INTO WHILE SUCH ASSOCIATION WAS CONTROLLED BY THE DEVELOPER THROUGH SPECIAL DEVELOPER CONTROL OR BECAUSE THE DEVELOPER HELD A MAJORITY OF THE VOTES IN SUCH ASSOCIATION;

(IV) IS FOR A PERIOD OF MORE THAN THREE YEARS, INCLUDING ANY AUTOMATIC RENEWAL PROVISIONS WHICH ARE EXERCISABLE AT THE SOLE OPTION OF THE DEVELOPER OR AN AFFILIATE OF THE DEVELOPER; AND

(V) MAY NOT BE TERMINATED WITHOUT PENALTY BY SUCH UNIT OWNERS OR SUCH ASSOCIATION.

(B) IN THE CASE OF OFFERINGS OF COOPERATIVES, CONDOMINIUMS OR OTHER INTERESTS IN REALTY COVERED BY THE PROVISIONS OF SECTION SIX HUNDRED EIGHT OF THE CONDOMINIUM AND COOPERATIVE ABUSE RELIEF ACT OF 1980, 15 U.S.C. 3607, THE ATTORNEY GENERAL SHALL REFUSE TO ISSUE A LETTER OF ACCEPTANCE UNLESS THE OFFERING STATEMENT, PROSPECTUS OR PLAN PROVIDES THAT THE TENANT SHAREHOLDERS OR OWNERS ENTITLED TO VOTE TO TERMINATE A

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

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SELF-DEALING CONTRACT PURSUANT TO SUCH SECTION TWICE BE NOTIFIED OF SUCH RIGHT IN WRITING (I) ONCE WITHIN THIRTY DAYS OF THE DATE THAT THE RIGHT TO TERMINATE PURSUANT TO SUBSECTION (B) OF SUCH SECTION COMMENCES AND (II) SECONDLY AT LEAST SIX MONTHS PRIOR TO THE DATE THAT SUCH RIGHT TO TERMINATE WILL EXPIRE.

S 2. This act shall take effect on the thirtieth day after it shall have become a law and shall apply to plans for which letters of acceptance are issued on or after such effective date.