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I N   S E N A T E

April 27, 2012

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Introduced by Sen. HASSELL-THOMPSON -- 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 private housing finance law, in relation to estab-  
lishing certain rights for shareholders in limited-profit housing  
companies

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

1     Section 1. Section 12 of the private housing finance law is amended by  
2     adding a new subdivision 17 to read as follows:  
3     17. "SHAREHOLDER." A TENANT ENTITLED TO OCCUPANCY IN A PROJECT BY  
4     REASON OF OWNERSHIP OF SHARES IN A COMPANY.  
5     S 2. The private housing finance law is amended by adding a new  
6     section 13-c to read as follows:  
7     S 13-C. RIGHTS OF SHAREHOLDERS. 1. NEW AND EXISTING SHAREHOLDERS SHALL  
8     RECEIVE THE FOLLOWING INFORMATION:  
9     (A) AN INITIAL BANK STATEMENT FROM THE COMPANY REFLECTING THE AMOUNT  
10    OF THE SUBSCRIPTION OR DOWN PAYMENT INCLUDING, BUT NOT LIMITED TO THE  
11    NAME OF THE BANK, THE TYPE OF BANK ACCOUNT AND THE PROJECTED PER ANNUM  
12    INTEREST RATE;  
13    (B) FOR EACH YEAR OF TENANCY, SHAREHOLDERS SHALL RECEIVE A BANK STATE-  
14    MENT REFLECTING THE AMOUNT OF EQUITY IN THEIR BANK ACCOUNTS;  
15    (C) A COPY AND SYNOPSIS OF THE NEW YORK STATE REAL ESTATE LAWS GOVERN-  
16    ING THE MANAGEMENT AND DISTRIBUTION OF SHAREHOLDERS' EQUITY AND THE  
17    ACCRUED EQUITY VALUE FOR COOPERATIVE APARTMENT UNITS. SUCH INFORMATION  
18    SHALL BE PRESENTED IN STRAIGHTFORWARD, EASILY COMPREHENSIBLE LANGUAGE;  
19    (D) DETAILED INFORMATION OUTLINING THE PROCESS, POLICIES AND PROCE-  
20    DURES FOR SURRENDERING THE APARTMENT UNIT INCLUDING TIME FRAMES FOR  
21    NOTIFYING MANAGEMENT, SHAREHOLDERS' OBLIGATIONS, MANAGEMENT'S OBLI-  
22    GATIONS, A PUNCH LIST FOR REQUIRED SATISFACTORY CONDITIONS FOR EACH  
23    ROOM, ALLOWANCES FOR NORMAL WEAR AND TEAR, AND MATTERS RELATED TO THE  
24    EQUITY DISTRIBUTION; AND

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

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1 (E) THE NAMES OF STATE OFFICIALS OR DISTRICT MANAGEMENT EXECUTIVES TO  
2 CONTACT IN THE EVENT OF ANY DISPUTE RELATED TO THE SURRENDER OF THEIR  
3 HOUSING.

4 2. SHAREHOLDERS SHALL IDENTIFY A FAMILY MEMBER OR DESIGNATED CONTACT  
5 PERSON WHO SHALL ASSUME RESPONSIBILITY FOR SURRENDER OF THEIR HOUSING IN  
6 THE EVENT OF A MEDICAL EMERGENCY OR DEATH. THE REQUIRED DOCUMENT SHALL  
7 BE IN SUCH FORM AND MANNER AS THE COMMISSIONER MAY PRESCRIBE. A NOTA-  
8 RIZED COPY OF THE DOCUMENT SHALL BE FILED IN THE MANAGEMENT OFFICE, AND  
9 THE ORIGINAL AND COPIES MAINTAINED BY THE SHAREHOLDER, FAMILY MEMBER OR  
10 DESIGNATED PERSON.

11 3. (A) OUTGOING COOPERATIVE SHAREHOLDERS SHALL BE LIABLE FOR MAINTENANCE OR CARRYING CHARGES AFTER SURRENDERING THEIR APARTMENT UNITS BASED  
12 ON THE FOLLOWING SCALE:

14 (I) 0-45 DAYS NOTIFICATION TO THE COOPERATIVE BOARD - THREE MONTHS.

15 (II) 45-90 DAYS NOTIFICATION TO THE COOPERATIVE BOARD - TWO MONTHS.

16 (III) OVER 90 DAYS NOTIFICATION TO THE COOPERATIVE BOARD - ONE MONTH.

17 (B) SHAREHOLDERS SHALL BE CHARGED A MAXIMUM THREE MONTHS' CARRYING  
18 CHARGES. IF HOUSING IS SURRENDERED INVOLUNTARILY BECAUSE OF MEDICAL  
19 REQUIREMENTS OR DEATH, THE MAXIMUM CARRYING CHARGE TO THE SHAREHOLDER  
20 SHALL BE ONE MONTH. OUTGOING SHAREHOLDERS SHALL HAVE THE OPTION FOR THE  
21 INCOMING SHAREHOLDER TO PURCHASE OTHER PERSONAL PROPERTY INCLUDING, BUT  
22 NOT LIMITED TO KITCHEN APPLIANCES AND CARPETING.

23 4. (A) THE BOARD OF DIRECTORS OF EACH COMPANY SHALL APPORTION A  
24 PERCENTAGE OF EACH MONTHLY MAINTENANCE OR CARRYING CHARGES IN A RESERVE  
25 FUND FOR EACH SHAREHOLDER THAT SHALL BE USED EXCLUSIVELY FOR REPAIRS AND  
26 RESTORATION COSTS TO HOUSING AT THE END OF THE SHAREHOLDERS' TENANCY.

27 (B) SHAREHOLDERS SHALL RECEIVE A WRITTEN STATEMENT OF THE AMOUNT OF  
28 MONEY AVAILABLE IN THEIR RESERVE FUND FOR USE TO CURE DEFICIENT CONDI-  
29 TIONS TO THEIR HOUSING. THE SHAREHOLDERS' ALLOTMENT SHALL BE DEDUCTED  
30 FROM THE FINAL COST AMOUNT. IF COSTS FOR REPAIRS AND RESTORATION ARE  
31 LESS THAN THE AMOUNT IN THE RESERVE FUND, THE REMAINING MONEY SHALL  
32 REVERT TO AN ACCOUNT MAINTAINED BY COMPANY MANAGEMENT.

33 5. (A) WITHIN THIRTY DAYS AFTER NOTIFICATION TO SURRENDER THEIR HOUS-  
34 ING, SHAREHOLDERS SHALL RECEIVE A BANK STATEMENT INDICATING THE TOTAL  
35 AMOUNT OF THEIR EQUITY, AND IF APPLICABLE, THE ACCRUED VALUE OR ADDI-  
36 TIONAL PERCENTAGE OF EQUITY.

37 (B) WITHIN TWO WEEKS OF NOTIFICATION TO SURRENDER HOUSING, COMPANY  
38 MANAGEMENT SHALL SCHEDULE AN INITIAL INSPECTION. MANAGEMENT SHALL  
39 PROVIDER SHAREHOLDERS WITH A PUNCH LIST OF DEFICIENT CONDITIONS ASSESSED  
40 IN THE HOUSING. SHAREHOLDERS SHALL HAVE THE OPTION TO CURE THE ASSESSED  
41 DEFICIENT CONDITIONS BY AN APPROVED INDEPENDENT CONTRACTOR PRIOR TO THE  
42 FINAL INSPECTION OF THEIR HOUSING.

43 6. IF SHAREHOLDERS DISPUTE ANY OUTSTANDING COSTS, SHAREHOLDERS SHALL  
44 HAVE AN OPPORTUNITY TO CURE THE DEFICIENT CONDITIONS AFTER THE FINAL  
45 INSPECTION. IF THE DISPUTE IS NOT RESOLVED, SHAREHOLDERS MAY CONFER WITH  
46 EXECUTIVES AT THE DISTRICT MANAGEMENT OFFICE OR FOLLOW AN ESTABLISHED  
47 PROCEDURE FOR THE RESOLUTION OF SUCH MATTERS.

48 7. SHAREHOLDERS SHALL RECEIVE THE TOTAL EQUITY DISTRIBUTION, INCLUDING  
49 THE EQUITY AND ACCRUED EQUITY VALUE, WITHIN NINETY DAYS FOLLOWING  
50 SURRENDER OF THE HOUSING.

51 8. IF SHAREHOLDERS INVOLUNTARILY SURRENDER THEIR HOUSING BECAUSE OF  
52 MEDICAL CIRCUMSTANCES OR DEATH, THE EQUITY FOR THE HOUSING SHALL BE  
53 TRANSFERRED TO THE STATE COMMENSURATE WITH STATE REGULATIONS FOR  
54 UNCLAIMED FUNDS.

55 9. THE BOARD OF DIRECTORS OF ANY COMPANY AND MANAGEMENT SHALL BE  
56 PROHIBITED FROM APPLYING ANY COSTS FOR RESTORATION OF THE HOUSING FROM

1 SHAREHOLDERS' EQUITY DISTRIBUTION UNTIL, AND UNLESS, IT IS DETERMINED,  
2 THE RESERVE FUND AND APPLICABLE CARRYING CHARGES ARE NOT ADEQUATE TO  
3 COVER COSTS. SHAREHOLDERS, THEIR FAMILY MEMBERS, OR HEIRS, HAVE THE  
4 OPTION TO HIRE AN OUTSIDE INSPECTOR TO ASSESS THE COSTS AND PAY FOR THE  
5 COSTS THEMSELVES. IF THESE OPTIONS ARE NOT EXERCISED, THE BOARD OF  
6 DIRECTORS AND MANAGEMENT SHALL COMPLETE AN AFFIDAVIT OR OTHER DOCUMENT  
7 DETAILING THE LIST OF REPAIRS, DEFICIENT CONDITIONS OF THE HOUSING  
8 INCLUDING PHOTOGRAPHS, THE AMOUNT OF THE SHAREHOLDER'S RESERVE FUND, AND  
9 THE ADDITIONAL PROPOSED COSTS TO BE DEDUCTED FROM THE EQUITY.

10 S 3. This act shall take effect on the one hundred twentieth day after  
11 it shall have become a law. Effective immediately, the addition, amend-  
12 ment and/or repeal of any rule or regulation necessary for the implanta-  
13 tion of this act on its effective date is authorized to be made on or  
14 before such date.