

198--A

2015-2016 Regular Sessions

I N S E N A T E

(PREFILED)

January 7, 2015

Introduced by Sen. SQUADRON -- read twice and ordered printed, and when printed to be committed to the Committee on Judiciary -- recommitted to the Committee on Judiciary in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the real property law, in relation to providing certification and registration requirements for property managers of cooperatives and condominiums

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

1 Section 1. The real property law is amended by adding a new article
2 12-D to read as follows:

3 ARTICLE 12-D

4 RESIDENTIAL REALTY MANAGEMENT

5 SECTION 448. RESIDENTIAL REALTY MANAGEMENT.

6 S 448. RESIDENTIAL REALTY MANAGEMENT. 1. AS USED IN THIS ARTICLE,
7 UNLESS THE CONTEXT OTHERWISE REQUIRES:

8 (A) "CERTIFICATION" SHALL MEAN A DESIGNATION BY THE SECRETARY OF STATE
9 THAT AN INDIVIDUAL HAS MET THE PREDETERMINED QUALIFICATIONS WHICH ARE
10 DEEMED TO CONSTITUTE A LEVEL OF PROFICIENCY ADEQUATE TO PERFORM THE
11 DAY-TO-DAY MANAGEMENT AND OPERATION OF REAL PROPERTY USED FOR RESIDEN-
12 TIAL PURPOSES AND OWNED AS A COOPERATIVE OR CONDOMINIUM.

13 (B) "PROPERTY MANAGER" SHALL MEAN ANY PERSON WHO, IN RETURN FOR REMUN-
14 ERATION OR COMPENSATION OF ANY KIND, PERFORMS RESIDENTIAL REALTY MANAGE-
15 MENT FOR REAL PROPERTY OWNED AS A CONDOMINIUM OR COOPERATIVE. PROPERTY
16 MANAGER SHALL NOT MEAN OR INCLUDE:

17 (1) A SHAREHOLDER OR OWNER OF THE COOPERATIVE OR CONDOMINIUM ACTING AS
18 A PROPERTY MANAGER WITHOUT REMUNERATION OR COMPENSATION OF ANY KIND; OR

19 (2) ANY DEVELOPER OR SPONSOR OF A COOPERATIVE OR CONDOMINIUM DURING
20 THE PERIOD THAT THE DEVELOPER OR SPONSOR RETAINS CONTROL OF THE COOPER-

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

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1 ACTIVE OR CONDOMINIUM; PROVIDED THAT THE DEVELOPER OR SPONSOR HAS IN ITS
2 EMPLOY OR HAS RETAINED A PROPERTY MANAGER CERTIFIED UNDER THIS ARTICLE.

3 (C) "RESIDENTIAL REALTY MANAGEMENT" SHALL MEAN EITHER:

4 (1) THE PERFORMANCE OF PRINCIPAL MANAGERIAL RESPONSIBILITIES FOR A
5 COOPERATIVE OR CONDOMINIUM; AND THE AUTHORITY FOR POLICY OR FINANCIAL
6 DECISION MAKING FOR ANY ONE OF THE FOLLOWING SERVICES: MAINTENANCE,
7 SECURITY, ENERGY CONSERVATION, CODE COMPLIANCE, LABOR RELATIONS, FISCAL
8 BUDGETARY RESPONSIBILITIES, TENANT RELATIONS, GOVERNMENTAL RELATIONS,
9 JANITORIAL SERVICES OR ANY OTHER PROVIDED SERVICE; OR

10 (2) THE RESPONSIBILITY FOR THE COLLECTION AND EXPENDITURE OF MONIES
11 FOR AND ON BEHALF OF SUCH COOPERATIVE OR CONDOMINIUM, ITS OWNERS AND/OR
12 MANAGING BOARD, UNDER WHATEVER NAME KNOWN.

13 2. NO PERSON SHALL PERFORM RESIDENTIAL REALTY MANAGEMENT UNLESS SUCH
14 PERSON SHALL HAVE FILED A PROPERTY MANAGER REGISTRATION STATEMENT WITH
15 THE SECRETARY OF STATE AS REQUIRED BY THIS SECTION AND HAS BEEN ISSUED
16 BY THE SECRETARY OF STATE A CERTIFICATE DEMONSTRATING THAT SUCH REGIS-
17 TRANT HAS SATISFIED ALL THE REQUIREMENTS FOR CERTIFICATION AS A PROPERTY
18 MANAGER AS SET FORTH BY THIS ARTICLE.

19 NO COOPERATIVE OR CONDOMINIUM BOARD SHALL EMPLOY ANY PERSON FOR THE
20 PURPOSE OF PERFORMING RESIDENTIAL REALTY MANAGEMENT UNLESS SUCH PERSON
21 HAS BEEN CERTIFIED BY THE OFFICE OF THE SECRETARY OF STATE. NOR SHALL
22 THE COOPERATIVE OR CONDOMINIUM BOARD EMPLOY ANY FIRM, PARTNERSHIP,
23 CORPORATION OR OTHER ENTITY UNLESS ITS PROPERTY MANAGERS ARE CERTIFIED
24 BY THE OFFICE OF THE SECRETARY OF STATE.

25 3. THE SECRETARY OF STATE SHALL PROMULGATE THE FORM OF THE REGISTRA-
26 TION STATEMENT TO BE KNOWN AS THE "PROPERTY MANAGER REGISTRATION STATE-
27 MENT." THE PROPERTY MANAGER REGISTRATION STATEMENT FORM SHALL REQUIRE,
28 BUT NEED NOT BE LIMITED TO, THE FOLLOWING INFORMATION:

29 (A) THE NAME AND ADDRESS OF THE PERSON FILING THE REGISTRATION TO
30 OBTAIN CERTIFICATION PURSUANT TO THIS ARTICLE;

31 (B) THE NAME AND ADDRESS OF THE CORPORATION, FIRM, ASSOCIATION, PART-
32 NERSHIP OR OTHER ENTITY THAT CURRENTLY EMPLOYS THE APPLICANT;

33 (C) THE NAME AND ADDRESS OF ALL PARTNERS, OFFICERS, DIRECTORS AND
34 PRINCIPALS OF SUCH CORPORATION, FIRM, ASSOCIATION, PARTNERSHIP OR OTHER
35 ENTITY THAT CURRENTLY EMPLOYS THE APPLICANT;

36 (D) A STATEMENT INDICATING WHETHER THE APPLICANT HAS:

37 (1) BEEN CONVICTED OF ANY CRIME INVOLVING FRAUD OR DISHONESTY OR HAD
38 ANY CIVIL JUDGMENTS RELATING TO WORK AS A REAL PROPERTY MANAGER;

39 (2) EVER HAD A REAL ESTATE BROKER'S LICENSE, AND IF SO, WHETHER SUCH
40 LICENSE WAS EVER REVOKED OR SUSPENDED;

41 (3) AT ANY TIME IN THE PAST BEEN ISSUED A CERTIFICATION PURSUANT TO
42 THIS SECTION, AND IF SO, WHETHER SUCH CERTIFICATION WAS EVER REVOKED OR
43 SUSPENDED;

44 (E) THE LENGTH OF TIME THAT THE APPLICANT HAS BEEN ENGAGED IN RESIDEN-
45 TIAL REALTY MANAGEMENT WHERE APPLICABLE AND A LIST OF EACH BUILDING FOR
46 WHICH THE REGISTRANT HAS PERFORMED RESIDENTIAL REALTY MANAGEMENT AND THE
47 DATES AND ADDRESSES THEREOF;

48 (F) THE NAME AND ADDRESS OF THE APPROVED PROPERTY MANAGER TRAINING
49 PROGRAM THAT THE APPLICANT HAS SATISFACTORILY COMPLETED AND THE DATE OF
50 SUCH COMPLETION, IF REQUIRED; AND

51 (G) A SWORN STATEMENT BY THE PROPERTY MANAGER THAT THE INFORMATION SET
52 FORTH IN THE STATEMENT IS CURRENT AND ACCURATE.

53 4. EVERY CERTIFICATION ISSUED PURSUANT TO THIS SECTION SHALL BE
54 RENEWED AS SET FORTH BY THE SECRETARY OF STATE BUT IN NO EVENT SHALL THE
55 TERM OF SUCH CERTIFICATION EXCEED TWO YEARS. THE SECRETARY OF STATE

1 SHALL COLLECT A FEE OF FIFTY DOLLARS FOR EACH CERTIFICATION AND EACH
2 RENEWAL PURSUANT TO THIS SECTION.

3 5. A CERTIFIED PROPERTY MANAGER SHALL GIVE THE SECRETARY OF STATE
4 WRITTEN NOTIFICATION WITHIN FORTY-FIVE DAYS OF ANY MATERIAL CHANGE OF
5 CIRCUMSTANCES WHICH VARIES FROM THE INFORMATION CONTAINED IN HIS OR HER
6 SWORN PROPERTY MANAGER REGISTRATION STATEMENT PREVIOUSLY PROVIDED TO THE
7 SECRETARY OF STATE INCLUDING, BUT NOT LIMITED TO, CHANGES IN EMPLOYMENT,
8 RETIREMENT, RESIGNATION OR TERMINATION.

9 6. THE SECRETARY OF STATE, UPON THE RECEIPT AND REVIEW OF A SATISFAC-
10 TORILY COMPLETED PROPERTY MANAGER REGISTRATION STATEMENT, MAY ISSUE A
11 CERTIFICATION TO ANY APPLICANT WHO HAS:

12 (A) (1) SUCCESSFULLY COMPLETED A PROPERTY MANAGER TRAINING PROGRAM
13 APPROVED BY THE SECRETARY OF STATE WHICH PROVIDES THE APPLICANT WITH THE
14 REQUISITE SKILLS, KNOWLEDGE AND TRAINING NECESSARY TO PERFORM RESIDEN-
15 TIAL REALTY MANAGEMENT AS DEFINED BY PARAGRAPH (C) OF SUBDIVISION ONE OF
16 THIS SECTION, OR (2) BEEN GAINFULLY EMPLOYED AS A PROPERTY MANAGER AS
17 DEFINED IN PARAGRAPH (B) OF SUBDIVISION ONE OF THIS SECTION FOR THE FIVE
18 YEARS IMMEDIATELY PRECEDING ENACTMENT OF THIS SECTION; AND

19 (B) HAS MET ANY OTHER CRITERIA ESTABLISHED BY THE SECRETARY OF STATE
20 IN ORDER TO BE ELIGIBLE TO RECEIVE CERTIFICATION AS A PROPERTY MANAGER;
21 OR

22 (C) HAS DEMONSTRATED, IN THE CASE OF A CERTIFIED PROPERTY MANAGER
23 APPLYING FOR RECERTIFICATION, THE COMPETENCY AND INTEGRITY TO CONTINUE
24 TO PERFORM THE DUTIES OF A PROPERTY MANAGER AND HAS NOT HAD SUCH CERTIF-
25 ICATION REVOKED.

26 THE SECRETARY OF STATE MAY REFUSE TO ISSUE A CERTIFICATE TO ANY
27 PERSON WHO HE OR SHE FINDS, AFTER NOTICE AND HEARING, HAS BEEN CONVICTED
28 OF ANY CRIME INVOLVING FRAUD OR DISHONESTY, OR WHERE REFUSAL WILL IN HIS
29 OR HER JUDGMENT, BEST PROMOTE THE INTERESTS OF THE PEOPLE OF THIS STATE.

30 7. THE SECRETARY OF STATE SHALL ESTABLISH PROCEDURES AND CRITERIA, AND
31 SHALL PROMULGATE REGULATIONS, FOR: (A) APPROVING OR DISAPPROVING APPLI-
32 CATIONS FOR CERTIFICATIONS TO ACT AS A PROPERTY MANAGER; AND (B) THE
33 APPROVAL OF AND THE PERIODIC REVIEW OF CERTIFICATION TRAINING PROGRAMS.
34 ANY COMPLAINT IN CONNECTION WITH AN ACTION TAKEN OR INACTION BY THE
35 SECRETARY OF STATE PURSUANT TO THIS ARTICLE SHALL BE WITHIN THE PURVIEW
36 OF THE SECRETARY OF STATE. IN ESTABLISHING THE PROCEDURES REQUIRED BY
37 THIS SUBDIVISION, THE SECRETARY OF STATE MAY PROVIDE THAT ANY ORGANIZA-
38 TION WHICH HAS BEEN DESIGNATED BY THE FEDERAL DEPARTMENT OF HOUSING AND
39 URBAN DEVELOPMENT AS AN APPROVED CERTIFICATION TRAINING PROGRAM MAY ACT
40 AS SUCH PURSUANT TO THIS ARTICLE.

41 8. THE SECRETARY OF STATE MAY REFUSE TO RENEW, OR MAY REVOKE OR
42 SUSPEND THE CERTIFICATION OF ANY PROPERTY MANAGER, IF, AFTER NOTICE AND
43 HEARING, HE OR SHE FINDS THAT SUCH PROPERTY MANAGER HAS FAILED TO COMPLY
44 WITH ANY OF THE REQUIREMENTS IMPOSED BY THE PROVISIONS HEREIN AND IF IN
45 HIS OR HER JUDGMENT SUCH SUSPENSION OR REVOCATION IS REASONABLY NECES-
46 SARY TO PROTECT THE INTERESTS OF THE PEOPLE OF THIS STATE. THE SECRETARY
47 OF STATE MAY IN HIS OR HER DISCRETION REINSTATE SUCH CERTIFICATION WHERE
48 SUCH GROUNDS FOR SUSPENSION OR REVOCATION NO LONGER EXISTS.

49 9. THE PROVISIONS OF THIS SECTION SHALL NOT APPLY TO ANY PROPERTY
50 MANAGER OR ANY FIRM, ASSOCIATION, PARTNERSHIP, ENTITY AND ANY AFFILIATE
51 OF SUCH FIRM, ASSOCIATION, PARTNERSHIP OR ENTITY EMPLOYING A PROPERTY
52 MANAGER, CONTRACTING WITH A PROPERTY MANAGER OR CONTRACTING TO PROVIDE A
53 PROPERTY MANAGER, IF ALL THE CONDOMINIUMS OR COOPERATIVES FOR WHICH SUCH
54 PROPERTY MANAGER, FIRM, ASSOCIATION, PARTNERSHIP, ENTITY AND ANY AFFIL-
55 IATE OF SUCH FIRM, ASSOCIATION, PARTNERSHIP OR ENTITY PERFORMS SERVICES
56 COMPRISES LESS THAN TWENTY-FIVE RESIDENTIAL UNITS.

1 10. ANY PROPERTY MANAGER OR ANY FIRM, ASSOCIATION, PARTNERSHIP, CORPO-
2 RATION OR OTHER ENTITY, OTHER THAN A COOPERATIVE OR CONDOMINIUM BOARD,
3 EMPLOYING A PROPERTY MANAGER, CONTRACTING WITH A PROPERTY MANAGER OR
4 CONTRACTING TO PROVIDE A PROPERTY MANAGER THAT FAILS TO COMPLY WITH THE
5 REQUIREMENTS OF THIS ARTICLE SHALL BE SUBJECT TO A CIVIL PENALTY NOT TO
6 EXCEED ONE THOUSAND DOLLARS FOR A FIRST VIOLATION, TWO THOUSAND FIVE
7 HUNDRED DOLLARS FOR A SECOND VIOLATION, AND FIVE THOUSAND DOLLARS FOR A
8 THIRD OR SUBSEQUENT VIOLATION.

9 ANY COOPERATIVE OR CONDOMINIUM BOARD WHICH KNOWINGLY HIRES AN UNREGIS-
10 TERED PROPERTY MANAGER MAY BE LIABLE FOR A CIVIL PENALTY NOT TO EXCEED
11 ONE THOUSAND DOLLARS.

12 11. ALL MONIES COLLECTED WHILE PERFORMING RESIDENTIAL REALTY MANAGE-
13 MENT SHALL BE SEGREGATED AND SEPARATE ACCOUNTS SHALL BE MAINTAINED FOR
14 EACH CONDOMINIUM OR COOPERATIVE BEING MANAGED. ANY VIOLATION OF THIS
15 PROVISION SHALL CONSTITUTE A MISDEMEANOR PUNISHABLE BY A FINE NOT TO
16 EXCEED FIVE THOUSAND DOLLARS.

17 12. WHEN A PROPERTY MANAGER CEASES TO PERFORM RESIDENTIAL REALTY
18 MANAGEMENT SERVICES FOR A COOPERATIVE OR CONDOMINIUM, THE PROPERTY
19 MANAGER WITHIN TEN BUSINESS DAYS SHALL BE REQUIRED TO TURN OVER ALL
20 BUILDING RECORDS AND ALL FUNDS, WHICH HAVE BEEN PLACED INTO HIS OR HER
21 CARE OR ARE IN HIS OR HER POSSESSION, TO THE BOARD OF DIRECTORS OF THE
22 COOPERATIVE OR BOARD OF MANAGERS OF THE CONDOMINIUM OR THEIR DESIGNEE.
23 NEVERTHELESS, SUCH FUNDS AND/OR RECORDS REQUIRING BANK RECONCILIATION
24 SHALL BE TURNED OVER WITHIN FORTY-FIVE DAYS OF TERMINATION.

25 13. THE ATTORNEY GENERAL SHALL HAVE THE POWER TO ENFORCE THE
26 PROVISIONS OF THIS ARTICLE.

27 S 2. This act shall take effect on the ninetieth day after it shall
28 have become a law, except that any rules and regulations necessary for
29 the timely implementation of this act on its effective date shall be
30 promulgated on or before such date; provided, however, that subdivision
31 2 of section 448 of the real property law, as added by section one of
32 this act, shall take effect on the first of January next succeeding the
33 date upon which it shall have become a law.