

STATE OF NEW YORK

8261--A

R. R. 269

2017-2018 Regular Sessions

IN ASSEMBLY

June 2, 2017

Introduced by M. of A. CYMBROWITZ, BARRON -- read once and referred to the Committee on Housing -- reported and referred to the Committee on Rules -- ordered to a third reading, passed by Assembly and delivered to the Senate, recalled from the Senate, vote reconsidered, bill amended, ordered reprinted, retaining its place on the special order of third reading

AN ACT to amend the not-for-profit corporation law and the business corporation law, in relation to conflicts of interests for condominium and cooperative housing

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. The not-for-profit corporation law is amended by adding a
2 new section 519-a to read as follows:

3 § 519-a. Annual reports for certain transactions required.

4 (a) Every condominium or cooperative housing corporation, incorporated
5 pursuant to this chapter, shall, at least once each year:

6 (1) require that each director, as defined in paragraph six of subdivi-
7 vision (a) of section one hundred two of this chapter, receive a copy of
8 section seven hundred fifteen of this chapter; and

9 (2) provide an annual report to the members or to the governing board,
10 if there are no members, which shall be signed by each such director,
11 containing information on any contracts made, entered into, or otherwise
12 voted on by the board of directors that were considered a related party
13 transaction pursuant to section seven hundred fifteen of this chapter.

14 (b) The annual report required by subdivision (a) of this section
15 shall include, but not be limited to, the following:

16 (1) a list of all contracts voted on by the board of directors,
17 including information on the contract recipient, contract amount, and
18 the purpose of entering into the contract;

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

LBD13036-04-7

1 (2) the record of each meeting including director attendance, voting
2 records for contracts, and how each director voted on such contracts;
3 and

4 (3) the date of each vote on each contract, and the date the contract
5 would be and remain valid.

6 (c) If the annual report required by paragraph two of subdivision (a)
7 of this section would, notwithstanding the requirements of this section,
8 contain no information because of the absence of any actions taken by
9 the board that would otherwise qualify for inclusion in such annual
10 report, then the board shall instead submit to the members or to the
11 governing board, if there are no members, a document, signed by each
12 director, indicating: "No actions taken by the board were subject to the
13 annual report required pursuant to section 519-a of the Not-for-Profit
14 Corporation Law".

15 § 2. The business corporation law is amended by adding a new section
16 727 to read as follows:

17 § 727. Annual reports for certain transactions required.

18 (a) Every condominium or cooperative housing corporation, incorporated
19 pursuant to this chapter, shall, at least once each year:

20 (1) require that each director, as defined in paragraph five of subdivi-
21 vision (a) of section one hundred two of this chapter, receive a copy of
22 section seven hundred thirteen of this chapter; and

23 (2) submit an annual report to the shareholders, which shall be signed
24 by each such director, containing information on any contracts made,
25 entered into, or otherwise voted on by the board of directors where one
26 or more of the directors was an interested director, pursuant to section
27 seven hundred thirteen of this chapter.

28 (b) The annual report required by subdivision (a) of this section
29 shall include, but not be limited to, the following:

30 (1) a list of all contracts voted on by the board of directors,
31 including information on the contract recipient, contract amount, and
32 the purpose of entering into the contract;

33 (2) the record of each meeting including director attendance, voting
34 records for contracts, and how each director voted on such contracts;
35 and

36 (3) the date of each vote on each contract, and the date the contract
37 would be and remain valid.

38 (c) If the annual report required by subdivision (a) of this section
39 would, notwithstanding the requirements of this section, contain no
40 information because of the absence of any actions taken by the board
41 that would otherwise qualify for inclusion in such annual report, then
42 the board shall instead submit to the shareholders a document, signed by
43 each director, indicating: "No actions taken by the board were subject
44 to the annual report required pursuant to section 727 of the Business
45 Corporation Law".

46 § 3. This act shall take effect on the first of January next succeed-
47 ing the date on which it shall have become a law.