

# STATE OF NEW YORK

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2935

2017-2018 Regular Sessions

## IN SENATE

January 18, 2017

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Introduced by Sen. GALLIVAN -- read twice and ordered printed, and when printed to be committed to the Committee on Corporations, Authorities and Commissions

AN ACT to amend the religious corporations law, in relation to the sale, mortgage and lease of real property of a religious corporation

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

1 Section 1. Subdivisions 1 and 9 of section 12 of the religious corpo-  
2 rations law, subdivision 1 as amended by chapter 555 of the laws of 2015  
3 and subdivision 9 as amended by chapter 962 of the laws of 1969, are  
4 amended to read as follows:

5 1. (a) A religious corporation shall not sell, mortgage or lease for a  
6 term exceeding five years any of its real property without applying for  
7 and obtaining leave of the court or the attorney general therefor pursu-  
8 ant to section five hundred eleven of the not-for-profit corporation law  
9 as that section is modified by paragraph (d-1) of subdivision one of  
10 section two-b of this chapter or section five hundred eleven-a of the  
11 not-for-profit corporation law, except that a religious corporation may  
12 execute a purchase money mortgage or a purchase money security agreement  
13 creating a security interest in personal property purchased by it with-  
14 out obtaining leave of the court therefor.

15 (b) Notwithstanding the provisions of paragraph (a) of this subdivi-  
16 sion, any solvent religious corporation may sell any of its real proper-  
17 ty without a court order in the following circumstances:

18 (i) The religious corporation shall have and maintain in its records  
19 an appraisal report prepared by a professional appraiser and dated or  
20 updated within ninety days of the sale showing the fair market value to  
21 be less than two hundred thousand dollars;

22 (ii) The sale shall be an arm's length transaction for a cash consid-  
23 eration at the fair market value of the property which shall be within  
24 ten percent of the appraised value;

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

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1 (iii) The governing body of the religious corporation shall have given  
2 notice for not less than thirty days to the members of the congregation  
3 served by the religious corporation in a manner likely to be seen by a  
4 majority of such members including but not limited to publication in any  
5 bulletin, newsletter, or similar document normally distributed to such  
6 members; and

7 (iv) A certificate of compliance with the requirements of this para-  
8 graph executed by the person or persons executing the deed on behalf of  
9 the religious corporation under the penalties of perjury shall be  
10 attached to and recorded with the deed; and with respect to religious  
11 corporations subject to subdivision two, three, four, five, five-a,  
12 five-b, or five-c of this section, such certificate shall have endorsed  
13 thereon the consent of the church authority or authorities whose consent  
14 would be required under such subdivisions of this section before the  
15 filing of an application to the court.

16 (c) Notwithstanding the provisions of paragraph (a) of this subdivi-  
17 sion, any solvent religious corporation may mortgage any of its real  
18 property without a court order in the following circumstances:

19 (i) The religious corporation shall have and maintain in its records  
20 an appraisal report prepared by a professional appraiser and dated or  
21 updated within ninety days of the mortgage showing the fair market value  
22 to be less than two hundred thousand dollars;

23 (ii) The mortgage shall be an arm's length transaction with a mortga-  
24 gee licensed to make mortgage loans in the state for an advance of cash  
25 in a principal amount not more than two hundred thousand dollars;

26 (iii) The governing body of the religious corporation shall have given  
27 notice for not less than thirty days to the members of the congregation  
28 served by the religious corporation in a manner likely to be seen by a  
29 majority of such members including but not limited to publication in any  
30 bulletin, newsletter, or similar document normally distributed to such  
31 members; and

32 (iv) A certificate of compliance with the requirements of this para-  
33 graph executed by the person or persons executing the deed on behalf of  
34 the religious corporation under the penalties of perjury shall be  
35 attached to and recorded with the mortgage; and with respect to reli-  
36 gious corporations subject to subdivision two, three, four, five,  
37 five-a, five-b, or five-c of this section, such certificate shall have  
38 endorsed thereon the consent of the church authority or authorities  
39 whose consent would be required under such subdivisions of this section  
40 before the filing of an application to the court.

41 9. If a sale, mortgage or lease for a term exceeding five years of any  
42 real property of any such religious corporation with respect to which a  
43 court order was required under subdivision one of this section has been  
44 heretofore or shall be hereafter made and a conveyance or mortgage  
45 executed and delivered without the authority of a court of competent  
46 jurisdiction, obtained as required by law, or not in accordance with its  
47 directions, the court may, thereafter, upon the application of the  
48 corporation, or of the grantee or mortgagee in any such conveyance or  
49 mortgage or of any person claiming through or under any such grantee or  
50 mortgagee upon such notice to such corporation, or its successor, and  
51 such other person or persons as may be interested in such property, as  
52 the court may prescribe, confirm said previously executed conveyance or  
53 mortgage, and order and direct the execution and delivery of a confirma-  
54 tory deed or mortgage, or the recording of such confirmatory order in  
55 the office where deeds and mortgages are recorded in the county in which  
56 the property is located; and upon compliance with the said order such

1 original conveyance or mortgage shall be as valid and of the same force  
2 and effect as if it had been executed and delivered after due  
3 proceedings had in accordance with the statute and the direction of the  
4 court. But no confirmatory order may be granted unless the consents  
5 required in the first part of this section for a Protestant Episcopal,  
6 Roman Catholic, Presbyterian church or an incorporated African Methodist  
7 Episcopal Zion church or an incorporated United Methodist church have  
8 first been given by the prescribed authority thereof, either upon the  
9 original application or upon the application for the confirmatory order.  
10 § 2. This act shall take effect immediately and shall apply to sales  
11 and mortgages of real property occurring on or after the effective date  
12 of this act.