STATE OF NEW YORK

6652--A

2017-2018 Regular Sessions

IN SENATE

June 9, 2017

Introduced by Sen. GOLDEN -- read twice and ordered printed, and when printed to be committed to the Committee on Rules -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

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:

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

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

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

(1) require that each director, as defined in paragraph six of subdivision (a) of section one hundred two of this chapter, receive a copy of section seven hundred fifteen of this chapter; and

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

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

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

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

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

LBD13036-05-7

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

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

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

§ 727. Annual reports for certain transactions required.

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

(1) require that each director, as defined in paragraph five of subdivision (a) of section one hundred two of this chapter, receive a copy of section seven hundred thirteen of this chapter; and

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

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

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

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

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

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

§ 3. This act shall take effect on the first of January next succeeding the date on which it shall have become a law.