STATE OF NEW YORK

7831

IN SENATE

January 12, 2022

Introduced by Sen. KAVANAGH -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

AN ACT to amend the private housing finance law, in relation to authorizing additional supervision and regulation of mutual companies

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

Section 1. Subdivisions 10, 11, 12, 13 and 14 of section 32-a of the private housing finance law, as added by a chapter of the laws of 2021, amending the private housing finance law relating to authorizing additional supervision and regulation of limited-profit housing companies, as proposed in legislative bills numbers S. 7079 and A. 7637, are amended to read as follows:

10. Require every voting member of a board of directors of a **mutual** company subject to the provisions of this article, elected or appointed for a term beginning on or after the effective date of this subdivision, to complete, within the first year of his or her term and at least once every three years thereafter, a minimum of two hours of training, in person or virtually, as the commissioner or supervising agency, as the case may be, may deem appropriate on the financial oversight, accountability and fiduciary responsibilities of a board member; and to require every voting member of a board of directors of a **mutual** company subject to the provisions of this article, elected or appointed for a term beginning before the effective date of this subdivision, to complete such training within one year of the effective date of this subdivision and at least once every three years thereafter.

11. Require every voting member of a board of directors of a **mutual** company subject to the provisions of this article, elected or appointed for a term beginning on or after the effective date of this subdivision, to complete, within the first year of his or her term and at least once every three years thereafter, in addition to the training required by subdivision ten of this section, a training course, in person or virtually, as the commissioner or supervising agency, as the case be, may deem appropriate, to acquaint him or her with the powers, functions and duties of a board of directors of a **mutual** company subject to the

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

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provisions of this article, as well as the powers and duties of other governing and administrative authorities affecting such companies; and to require every voting member of a board of directors of a **mutual** company subject to the provisions of this article, elected or appointed for a term beginning before the effective date of this subdivision, to complete such training within one year of the effective date of this subdivision and at least once every three years thereafter.

12. Require each member of a board of directors of a **mutual** company subject to the provisions of this article to demonstrate compliance with the requirements set forth in subdivisions ten and eleven of this section by filing a certificate of completion of such course or courses on a form to be promulgated by the commissioner. Such form shall be filed with the secretary of the [~~housing corporation~~] **mutual company** and maintained by the secretary as a corporate record and distributed annually to the shareholders and upon the filing of any director with the **mutual** company of the intention to seek re-election to the position. Sixty days prior to any scheduled election of members of the board of directors, the secretary of the [~~housing~~] **mutual** company shall furnish the commissioner or the supervising authority, as the case may be, with a list of all incumbent directors indicating which individuals have submitted certificates required in this subdivision. Such course or courses shall be provided by the commissioner or supervising agency, as the case may be, at no cost to the trainee or the board to which the trainee has been elected.

13. Develop the curricula used for training required by subdivisions ten and eleven of this section for which the supervising agency or the commissioner may request and shall receive the cooperation and assistance from any departments, divisions, boards, bureaus, commissions or agencies of the state and political subdivisions thereof in developing such curricula. These curricula may be offered together as a single course or separately. The training required by this section may be offered by providers approved by the commissioner or supervising agency, as the case may be. In approving other providers for these trainings, the commissioner or supervising agency shall consider a potential provider's understanding of cooperative homeownership; laws, rules and regulations affecting **mutual** companies subject to the provisions of this article; and the fiduciary responsibilities of the board of a residential cooperative, as well as the experience of the provider in delivering such training.

14. Hold such meeting or meetings, in person or virtually as the commissioner or supervisory agency shall deem appropriate, with the board of a **mutual** company on the financial oversight, accountability and fiduciary responsibilities of such board; the powers, functions and duties of such board; and the powers and duties of other governing and administrative authorities affecting such company.

§ 2. This act shall take effect on the same date and in the same manner as a chapter of the laws of 2021, amending the private housing finance law relating to authorizing additional supervision and regulation of limited-profit housing companies, as proposed in legislative bills numbers S. 7079 and A. 7637, takes effect.