STATE OF NEW YORK

4595

2021-2022 Regular Sessions

IN SENATE

February 5, 2021

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

AN ACT to amend the cooperative corporations law, in relation to increasing transparency in cooperative housing corporations

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

Section 1. The cooperative corporations law is amended by adding a new article 9 to read as follows:

ARTICLE 9
COOPERATIVE HOUSING CORPORATIONS

TITLE I. APPLICABILITY.
II. COOPERATIVE HOUSING CORPORATION STRUCTURE.
III. COOPERATIVE SHAREHOLDER PROTECTION ACT.

TITLE I
APPLICABILITY

Section 139. Applicability.

§ 139. Applicability. Any city with a population of one million or more shall be permitted to opt out of the provisions of this article.

TITLE II
COOPERATIVE HOUSING CORPORATION STRUCTURE

Section 140. Applicability of business corporation law.
141. Definitions.
142. Additional powers of members.
143. Meetings; budget.
144. Service of employees of management companies on the board prohibited.

§ 140. Applicability of business corporation law. If any provision of the business corporation law conflicts with any provision of this article, the provision of this article shall prevail, and the conflicting provision of the business corporation law shall not apply in such case. If any provision of this article relates to a matter embraced in the

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

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business corporation law but is not in conflict therewith, both provisions shall apply.

§ 141. Definitions. For the purposes of this title, the following terms shall have the following meanings:

1. "Cooperative housing corporation" means a corporation formed pursuant to this chapter or article four of the business corporation law that owns or leases residential premises and operates the same on a cooperative basis.

2. "Management company" means a person, firm, corporation, partnership, association, limited liability company, or other entity retained by a cooperative housing corporation to conduct the business of such corporation, including but not limited to, operating the premises, keeping the books and records, managing dwelling unit transactions, and taking such other actions as may be necessary for compliance with applicable law.

3. "Resident" means an individual maintaining a place of residence in a dwelling unit on the premises of a cooperative housing corporation.

4. "Member" means a natural person holding a membership in a cooperative housing corporation, whether evidenced by a certificate of membership or by a certificate of stock or by other authorized means of identification.

§ 142. Additional powers of members. After the first date on which the sponsor of a cooperative housing corporation owns less than a majority of all dwelling units operated by such cooperative housing corporation, the holders of a majority of the shares held by all members may, by action duly taken pursuant to either section six hundred fourteen or six hundred fifteen of the business corporation law, remove any management company of such cooperative housing corporation from such service and may prohibit such management company from serving in such capacity thereafter.

§ 143. Meetings; budget. 1. Meetings of the board of a cooperative housing corporation shall be held at least four times each fiscal year with at least one meeting in each fiscal quarter. Members shall be permitted to be present at all such board meetings except when such board meets in executive session.

2. Complete minutes of all meetings of the board of a cooperative housing corporation and/or members thereof shall be made available to members no later than one month after such meeting.

3. The board of a cooperative housing corporation shall submit an annual detailed budget to the members one month prior to the end of such cooperative housing corporation's fiscal year. Such budget shall be in plain language and subject to approval by a majority of members.

§ 144. Service of employees of management companies on the board prohibited. No cooperative housing corporation shall permit an employee, officer, director, representative or agent of any management company of such cooperative housing corporation that is not both a resident and a shareholder to serve on the board.

TITLE III
COOPERATIVE SHAREHOLDER PROTECTION ACT

Section 150. Short title.
151. Definitions.
152. Restrictions on capital improvements, renovations and repairs.
153. Disclosure of expenses.
154. Availability of official notices and reports.

§ 150. Short title. This title shall be known and may be cited as the "cooperative shareholder protection act".

§ 151. Definitions. For the purposes of this title, the following terms shall have the following meanings:

1. "Cooperative housing corporation" means a corporation formed pursuant to this chapter or article four of the business corporation law that owns or leases residential premises and operates the same on a cooperative basis.

2. "Management company" means a person, firm, corporation, partnership, association, limited liability company, or other entity retained by a cooperative housing corporation to conduct the business of such corporation, including but not limited to, operating the premises, keeping the books and records, managing dwelling unit transactions, and taking such other actions as may be necessary for compliance with applicable law.

3. "Resident" means an individual maintaining a place of residence in a dwelling unit on the premises of a cooperative housing corporation.

4. "Member" means a natural person holding a membership in a cooperative housing corporation, whether evidenced by a certificate of membership or by a certificate of stock or by other authorized means of identification.

§ 152. Restrictions on capital improvements, renovations and repairs. 1. All non-emergency capital improvements, renovations, and repairs to premises operated by a cooperative housing corporation for which the cost to such cooperative housing corporation is in excess of fifty thousand dollars shall require prior approval of such action by the board of directors in compliance with section seven hundred four of the business corporation law.

2. A cooperative housing corporation shall maintain and adhere to a procedure, as set forth in the bylaws, for soliciting bids for all non-emergency capital improvements, renovations and repairs for which the cost to the cooperative housing corporation is in excess of fifty thousand dollars. Such procedure shall require that all bids received shall be provided in an unredacted form to all directors prior to any action being taken or any approval to authorize any such capital improvement, renovation or repair in accordance with subdivision one of this section is made.

§ 153. Disclosure of expenses. Any financial report provided to the members shall be in plain language. Itemized receipts of all expenditures of a cooperative housing corporation shall be submitted to the treasurer and kept in the books and records of such cooperative housing corporation for a period of at least seven years. Such receipts shall be made available for inspection by a member or resident on the premises within three business days after a request to inspect such receipts is made by the member or resident.

§ 154. Availability of official notices and reports. Any inspection report or notice of violation of any law, code, ordinance, rule, regulation or order received by a cooperative housing corporation by any federal, state, county, municipal body or agency shall be made available to all members and residents within two weeks of receipt thereof. Any written appeal, response or reply made by the cooperative housing corporation to any such report or notice of violation shall be made available to all members and residents within one week of when such response is made.

§ 2. This act shall take effect on the one hundred eightieth day after it shall have become a law.