

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:

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

3 ARTICLE 9

4 COOPERATIVE HOUSING CORPORATIONS

5 TITLE I. APPLICABILITY.

6 II. COOPERATIVE HOUSING CORPORATION STRUCTURE.

7 III. COOPERATIVE SHAREHOLDER PROTECTION ACT.

8 TITLE I

9 APPLICABILITY

10 Section 139. Applicability.

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

13 TITLE II

14 COOPERATIVE HOUSING CORPORATION STRUCTURE

15 Section 140. Applicability of business corporation law.

16 141. Definitions.

17 142. Additional powers of members.

18 143. Meetings; budget.

19 144. Service of employees of management companies on the board
20 prohibited.

21 § 140. Applicability of business corporation law. If any provision of
22 the business corporation law conflicts with any provision of this arti-
23 cle, the provision of this article shall prevail, and the conflicting
24 provision of the business corporation law shall not apply in such case.
25 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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1 business corporation law but is not in conflict therewith, both
2 provisions shall apply.

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

5 1. "Cooperative housing corporation" means a corporation formed pursu-
6 ant to this chapter or article four of the business corporation law that
7 owns or leases residential premises and operates the same on a cooper-
8 ative basis.

9 2. "Management company" means a person, firm, corporation, partner-
10 ship, association, limited liability company, or other entity retained
11 by a cooperative housing corporation to conduct the business of such
12 corporation, including but not limited to, operating the premises, keep-
13 ing the books and records, managing dwelling unit transactions, and
14 taking such other actions as may be necessary for compliance with appli-
15 cable law.

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

18 4. "Member" means a natural person holding a membership in a cooper-
19 ative housing corporation, whether evidenced by a certificate of member-
20 ship or by a certificate of stock or by other authorized means of iden-
21 tification.

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

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

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

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

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

48 TITLE III

49 COOPERATIVE SHAREHOLDER PROTECTION ACT

50 Section 150. Short title.

51 151. Definitions.

52 152. Restrictions on capital improvements, renovations and
53 repairs.

54 153. Disclosure of expenses.

55 154. Availability of official notices and reports.

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

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

5 1. "Cooperative housing corporation" means a corporation formed pursu-
6 ant to this chapter or article four of the business corporation law that
7 owns or leases residential premises and operates the same on a cooper-
8 ative basis.

9 2. "Management company" means a person, firm, corporation, partner-
10 ship, association, limited liability company, or other entity retained
11 by a cooperative housing corporation to conduct the business of such
12 corporation, including but not limited to, operating the premises, keep-
13 ing the books and records, managing dwelling unit transactions, and
14 taking such other actions as may be necessary for compliance with appli-
15 cable law.

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

18 4. "Member" means a natural person holding a membership in a cooper-
19 ative housing corporation, whether evidenced by a certificate of member-
20 ship or by a certificate of stock or by other authorized means of iden-
21 tification.

22 § 152. Restrictions on capital improvements, renovations and repairs.

23 1. All non-emergency capital improvements, renovations, and repairs to
24 premises operated by a cooperative housing corporation for which the
25 cost to such cooperative housing corporation is in excess of fifty thou-
26 sand dollars shall require prior approval of such action by the board of
27 directors in compliance with section seven hundred four of the business
28 corporation law.

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

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

46 § 154. Availability of official notices and reports. Any inspection
47 report or notice of violation of any law, code, ordinance, rule, regu-
48 lation or order received by a cooperative housing corporation by any
49 federal, state, county, municipal body or agency shall be made available
50 to all members and residents within two weeks of receipt thereof. Any
51 written appeal, response or reply made by the cooperative housing corpo-
52 ration to any such report or notice of violation shall be made available
53 to all members and residents within one week of when such response is
54 made.

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