STATE OF NEW YORK

7296

2025-2026 Regular Sessions

IN ASSEMBLY

March 25, 2025

Introduced by M. of A. TAPIA -- read once and referred to the Committee on Corporations, Authorities and Commissions

AN ACT to amend the limited liability company law and the real property law, in relation to limiting the number of residential real properties beneficial owners of limited liability companies can own

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

Section 1. The limited liability company law is amended by adding a new section 1101-a to read as follows:

§ 1101-a. Limitations on beneficial ownership of residential property-holding limited liability companies. 1. Definitions. For the purposes of this section, the following terms shall have the following meanings:

(a) "Beneficial owner" shall have the same meaning as such term is defined in 31 U.S.C. § 5336(a)(3).

(b) "Covered limited liability company" shall mean any limited liability company that holds title to one or more parcels of residential real property located within the state of New York.

2. Ownership limitation. No individual shall be a beneficial owner of more than three covered limited liability companies that own residential real property located within the state of New York.

3. Prohibited transactions. No covered limited liability company shall acquire title to residential real property if such acquisition would result in any beneficial owner being associated with more than three covered limited liability companies.

4. Mandatory disclosure. (a) Upon the filing of articles of organization for any covered limited liability company that intends to acquire residential real property, the applicant shall disclose the name(s) and identifying information of all beneficial owners to the department of state.

(b) Any covered limited liability company transferring title to or acquiring residential real property shall include a beneficial owner's

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

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affidavit as part of the deed recording process with the county clerk and submit the same to the department of state.

5. Penalties. (a) The attorney general shall have the authority to bring a civil action to enjoin or reverse any transaction that violates the provisions of this section, and to seek disgorgement of unlawfully held property.

(b) Any individual who knowingly violates subdivision two of this section shall be subject to a civil penalty not to exceed twenty-five thousand dollars per each violation.

(c) Any individual who knowingly files a false disclosure in violation of subdivision four of this section shall be guilty of a misdemeanor, punishable by a fine levied by the department of state not to exceed ten thousand dollars for each false filing.

6. Regulations. The secretary of state is authorized to promulgate rules and regulations necessary to implement the provisions of this section, including but not limited to, defining reporting standards, creating a form affidavit for beneficial owners, compliance processes, and enforcement mechanisms.

§ 2. The real property law is amended by adding a new section 295-a to read as follows:

§ 295-a. Beneficial ownership disclosure in residential real property transactions. 1. Any deed conveying title to residential real property where the grantee or grantor is a limited liability company shall be accompanied by an affidavit identifying the beneficial owners of such limited liability company, consistent with section eleven hundred one-a of the limited liability company law.

2. Such affidavit shall be submitted contemporaneously with the deed for recording with the county clerk, and failure to submit such affidavit shall render the deed unrecordable.

3. Each county clerk shall notify the secretary of state of any conveyance involving a covered limited liability company and transmit the accompanying disclosure affidavits within thirty days of recording.

§ 3. Severability. If any provision of this act, or any application of any provision of this act, is held to be invalid, that shall not affect the validity or effectiveness of any other provision of this act, or of any other application of any provision of this act, which can be given effect without that provision or application; and to that end, the provisions and applications of this act are severable.

§ 4. This act shall take effect January 1, 2026. Effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized to be made and completed on or before such date.