Int. No.

By Council Member Velázquez

A LOCAL LAW

To amend the administrative code of the city of New York, in relation to establishing timelines for cooperative corporations to approve or deny the sale of cooperative apartments

Be it enacted by the Council as follows:

Section 1. Title 26 of the administrative code of the city of New York is amended by adding a new chapter 36 to read as follows:

CHAPTER 36

SALES OF COOPERATIVE APARTMENTS

§ 26-3601 Definitions. For the purposes of this chapter, the following terms have the following meanings:

Application. The term "application" means the set of documents utilized by a cooperative corporation to facilitate a prospective purchaser's acquisition of certificates of stock, a proprietary lease, or other evidence of an ownership interest in such cooperative corporation.

Cooperative corporation. The term "cooperative corporation" means any corporation governed by the requirements of the state cooperative corporation law or general business law that, among other things, grants persons the right to reside in a cooperative apartment, that right existing by such person's ownership of certificates of stock, proprietary lease, or other evidence of ownership of an interest in such entity but shall not include either a cooperative corporation organized pursuant to the private housing finance law for which a purchase is subject to review and approval by a state or city agency or to a cooperative corporation containing less than 10 dwelling units.

Proprietary lease. The term "proprietary lease" means the lease or occupancy agreement by which a cooperative corporation permits a person to occupy an apartment in the premises owned by the cooperative corporation.

Prospective purchaser. The term "prospective purchaser" means a person or persons who has entered into a contract of sale to purchase the proprietary lease and the ownership interest in a cooperative corporation from a prospective seller.

Prospective seller. The term "prospective seller" means a person or persons who has a proprietary lease and an ownership interest in a cooperative corporation and who has entered into a contract of sale to sell their proprietary lease and ownership interest in a cooperative corporation to a prospective purchaser subject to approval of the cooperative corporation's board of directors.

Sale. The term "sale" means the transfer of a person's ownership interest in a cooperative corporation and that person's proprietary lease to another person.

§ 26-3602 Requirements for determination. a. The board of directors or managing agent of each cooperative corporation shall maintain a standardized application and list of requirements for all cooperative apartments subject to the by-laws or proprietary lease of such cooperative corporation.

b. The board of directors or managing agent of any cooperative corporation shall provide the corporation's standardized application and list of requirements to any prospective purchasers and prospective sellers promptly upon request, and shall include instructions as to where and how to submit the required materials, including the mailing address and designated e-mail address for the cooperative corporation.

§ 26-3603 Acknowledgment of receipt of materials. a. Within 10 days of receiving materials from a prospective purchaser, a cooperative corporation shall provide to a prospective

purchaser via e-mail and, if available, registered mail, a written acknowledgement of materials received. The requirements of this section apply both to a prospective purchaser's initial submission and to any subsequent submissions the prospective purchaser may make.

b. A written acknowledgment provided pursuant to subdivision a of this section shall clearly state:

1. Whether the cooperative corporation's board of directors considers the application complete;

2. If the application is not considered complete, the specific ways in which the materials submitted failed to comply with the cooperative corporation's list of requirements provided pursuant to section 26-3602; and

3. If applicable, any additional materials requested for clarification of previously submitted materials.

c. An application shall be deemed complete if the cooperative corporation fails to provide a written acknowledgment in accordance with the requirements of this section.

d. If a cooperative corporation's board of directors has placed a memorandum or other writing in its files stating that such board does not ordinarily meet in the months of July and August, such cooperative cooperation shall not be required to provide written acknowledgements pursuant to this section during such months. For any materials received during the months of July and August, such cooperative cooperation shall provide written acknowledgement to the prospective purchaser no later than September 10.

§ 26-3604 Time for determination. a. Within 45 days following acknowledgement of receipt of a complete application or the date that an application is deemed complete pursuant to subdivision c of section 26-3603, a cooperative corporation shall notify the prospective purchaser

via e-mail and, if available, registered mail, whether its consent to a sale is granted unconditionally, whether its consent to a sale is granted conditionally, or whether its consent to a sale is denied.

b. Such time for determination may be extended at any time with the consent of the prospective purchaser.

c. The cooperative corporation shall be entitled to a single 14-day extension without the consent of the purchaser if the cooperative corporation provides notice of such extension to the prospective purchaser via e-mail and, if available, registered mail, within the determination period set forth in subdivision a.

d. If, after the 45-day period for determination and any applicable extensions, the cooperative corporation has not notified the prospective purchaser as to whether its consent to the sale is granted, the prospective purchaser may send notice to the cooperative corporation's board of directors via e-mail and, if available, registered mail, that the cooperative cooperation shall be deemed to consent to the sale if the cooperative corporation does not inform the prospective purchaser of its determination within 10 business days. Such notice shall clearly state the date on which the 10-business-day period begins, which shall be no earlier than the date the prospective purchaser sends the notice.

e. If the cooperative corporation does notify the prospective purchaser whether its consent to a sale is granted unconditionally, whether its consent to a sale is granted conditionally, or whether its consent to a sale is denied by the end of the 10-business-day notice period pursuant to subdivision d of this section, the cooperative corporation shall be deemed to consent to the sale.

f. If the 45-day period for determination and any applicable extensions ends in July or August for a cooperative corporation whose board of directors has placed a memorandum or other writing in its files stating that such board does not ordinarily meet in the months of July and

August, then such cooperative corporation shall have until October 15 to notify the prospective purchaser whether its consent to a sale is granted unconditionally, whether its consent to a sale is granted conditionally, or whether its consent to a sale is denied. Such time for determination may be extended pursuant to subdivisions b and c of this section.

g. If a cooperative corporation that has been deemed to consent to a sale pursuant to subdivision e of this section interferes in any manner with the ability of a prospective purchaser to assume an ownership interest in such cooperative corporation or assume residency in such cooperative corporation, the prospective purchaser may bring an action in a court of competent jurisdiction to assert their rights under this chapter. A plaintiff who prevails on a claim alleging a violation of this chapter shall be entitled to recover attorney's fees related to the cost of bringing such action.

h. Nothing in this section shall be construed to prohibit a cooperative corporation from lawfully denying its consent to a sale at any time prior to the expiration of the 45-day determination period, the 14-day extension period, and the 10-business-day notice period.

§ 26-3605 Construction. Nothing in this chapter shall be construed or interpreted to limit or restrict the rights and remedies granted by any other applicable law.

§ 2. This local law takes effect 120 days after it becomes law.

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