CO-OPS & CONDOS
UNITED OF NY

Memo in Opposition to S7541

To: Members of the New York State Legislature
From: Co-ops & Condos United of NY
Date: Monday, March 30, 2026

Purpose: S7541 imposes additional requirements on condominiums (condo) and cooperative (co-op) housing units, including that condo and co-op boards and property management companies inform unit owners and any potential purchasers of any structural, mechanical, health or fire code violations that may exist at the property. Further, the legislation requires that any modifications to floor plans, inspection or engineering reports, permits, or by-laws be provided digitally and physically to all unit owners. The failure to adhere to these requirements would result in the Attorney General voiding any Offering Plan permitting the operation of the condo or co-op.

Co-Ops & Condos United NY is opposed to S7541.

Establishing that principle that failing to adhere to the requirement would result in the Attorney General voiding the Offering Plan will result in significant disruption to the property. Further, even the risk that the Offering Plan could be voided for the reasons outlined in the bill could result in banks or other lenders deciding not to lend to the building. This is the case because the Offering Plan does not permit the cooperative or condominium to operate the property; rather, the purpose of the Offering Plan is to allow the sponsor to sell the cooperative shares or condominium units since they are considered securities under New York's Martin Act.

Cancelling the Offering Plans would mean that no further units or shares could be sold by the sponsor. If this were to happen, financial institutions may cease making loans on the apartments and units out of a concern that the apartments and units could not be sold. This sanction would be devastating to the building and its residents.

This sanction is particularly severe given that it could be triggered for a failure to provide any changes to any permits to the residents in both physical and digital copy. Co-ops and condos in New York City undergo almost constant examination and receive inspections, engineering reports, and permits on a regular basis. Some permits, for example for sidewalk sheds, must be renewed and updated regularly. That a failure to provide such permits to all residents could result in a cancellation of the Offering Plan is not an appropriate remedy.

To address this issue, the legislation should be modified to impose a penalty other than the cancellation of the offering plan. Further, the legislation should require that the co-op or condo

make inspection and engineering reports and permits available to be reviewed by owners or shareholders upon request.

Additionally, there are hundreds of minor regulations that could result in a violation (for example, the building's awning is not high enough or the wrong light bulbs are used in the basement), which would result in a filing with the owners under the legislation. Many of these would have little to do with the structural integrity of the building, which the legislation purports to address. Accordingly, the statute should be limited to focus on material life and safety issues. Alternatively, the statute could be amended to exempt buildings in New York City that are required to comply with the City's Façade Inspection Program (Local Law 11), which requires regular structural inspections of buildings over five stories.

Finally, it is inappropriate to allow any potential buyer to access any inspection or engineering reports. Any person could pretend to be interested in purchasing a unit and gain access to potentially sensitive information about the building. Legitimate potential purchasers, their attorneys, and their lenders already receive significant information about the condition of the building prior to closing and can request inspection and engineering reports when they determine such reports are needed. Allowing any potential purchaser to access this information is overly broad and unnecessary.

For these reasons, Co-Ops & Condos United NY opposes S7541.

Signed:

Geoff Mazel, Esq.
Stuart Saft, Esq.
Michael Wolfe, President, Wolfe Realty Services
Jane Menton, Legislative Director, Co-ops & Condos United of NY