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Int. No. 1467

By Council Members Williams, Lander and Menchaca

A Local Law to amend the administrative code of the city of New York, in relation to the timing of decision for sales of cooperative apartments

Be it enacted by the Council as follows:

Section 1. Title 8 of the administrative code of the city of New York is amended by adding a new chapter 12, to read as follows:

CHAPTER 12

COOPERATIVE CORPORATIONS: TIMING OF DECISIONS

- § 8-1201 Definitions.
- § 8-1202 Requirements for determination
- § 8-1203 Acknowledgment of receipt of materials
- § 8-1204 Time for decision

§ 8-1205 Extensions of time

§ 8-1206 Remedies

§ 8-1207 Construction

§ 8-1201 Definitions. When used in this chapter:

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 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 who has a proprietary lease and an ownership interest in a cooperative corporation and who has entered into a contract of sale to sell the person’s proprietary lease and ownership interest in a cooperative corporation to a prospective purchaser.

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.

§ 8-1202 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 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.

§ 8-1203 Acknowledgement of receipt of materials. a. Within ten days of receiving a materials from a prospective purchaser, a cooperative corporation shall provide to a prospective purchaser a written acknowledgement of materials received. The requirements of this paragraph apply both to a prospective purchaser's initial submission and to any subsequent submissions the prospective purchaser may make.

b. An acknowledgement shall not be construed to represent any determination that the materials submitted satisfy the requirements set forth in the written list that a cooperative corporation must maintain pursuant to paragraph a of section 8-1202 of this chapter, or that a subsequent submission has met the requirements set forth in any notice described in section 8-1205 of this section.

§8-1204 Time for determination. a. Within 45 days after the cooperative corporation first receives any of the information or documents contained in the list required to be maintained and provided pursuant to section 8-1202 of this chapter, a cooperative corporation shall inform a 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.

b. Such time for determination may be extended at any time after a completed application is submitted with the consent of the prospective purchaser, provided that such extension shall not exceed fourteen days.

c. Where the cooperative corporation board of directors has placed in its bylaws a statement that such board does not ordinarily meet in the months of July and August, such board of directors or managing agent

shall be entitled to an extension not to exceed fourteen days, provided that such board of directors notifies a prospective purchaser of such statement with the acknowledgment of receipt of an application.

d. In addition to any other remedies provided by this chapter, a prospective purchaser may treat a failure to comply with paragraph a of this section as a denial of consent by the cooperative corporation.

§ 8-1205 Tolling of time. a. The time period set forth in paragraph a of section 8-1204 shall be tolled as follows, provided that such time period may not be tolled more than three times:

1. beginning when a prospective purchaser receives written notice from a cooperative corporation that sets out with specificity the ways in which the prospective purchaser's initial submission of materials did not comply with the list of requirements maintained and provided by the cooperative corporation pursuant to section 8-1202 of this chapter, and concluding when the cooperative corporation receives additional materials from the prospective purchaser;

2. beginning when a prospective purchaser receives written notice from a cooperative corporation that a submission of the prospective purchaser in response to a notice sent pursuant to paragraph 1 of this section is considered by the cooperative corporation to be incomplete, and concluding when the cooperative corporation receives additional materials from the prospective purchaser.

b. Any period described by paragraph 1 or 2 of subdivision a of this section shall not be deemed to commence unless the notice from a cooperative corporation sets forth with specificity the way or ways previously submitted materials failed to comply with either the cooperative corporation's list of requirements maintained and provided by the cooperative corporation pursuant to section 8-1202 of this chapter, or failed to comply with a previous notice sent pursuant to paragraphs 2 or 3 of subdivision a of this section.

c. Nothing in this section shall be construed to prohibit a cooperative corporation from lawfully denying its consent to a sale at any time.

§ 8-1206 Remedies. a. A prospective purchaser or a prospective seller claiming to be aggrieved by a violation of this section may bring a proceeding before the commission on human rights or may commence an

action in a court of competent jurisdiction to determine whether a violation has occurred.

b. In the event a proceeding is brought before the commission on human rights, the commission shall act in an adjudicative capacity only.

c. For each violation of a provision of this chapter the commission or court shall assess statutory damages as follows:

1. \$1000 in the event of a violation of subdivision b of section 8-1202 of this chapter or a violation of subdivision a of section 8-1203 of this chapter;

2. \$5000 in the event of a violation of subdivision a of section 8-1202 of this chapter; and

3. \$10,000 in the event of a violation of subdivision a of section 8-1204 of this chapter.

d. Where a cooperative corporation has been found to have violated a provision of this chapter, the commission on human rights or the court shall award compensatory damages and attorney's fees to the prospective purchaser, and may order appropriate equitable relief; provided, however, that such equitable relief shall not be permitted to include an order deeming the cooperative corporation to have consented to the sale.

§ 8-1207 Construction. Nothing in this chapter shall be construed or interpreted to limit or restrict the rights and remedies granted by any other chapter of this title or by any other civil rights or human rights law.

§ 2. This local law takes effect 120 days after it becomes law; provided that the commissioner of the commission on human rights may take any actions necessary prior to such effective date for the implementation of this local law including, but not limited to, establishing guidelines and promulgating rules.

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