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BY-LAWS  
OF  
THE FORDHAM TERRACE APARTMENT CORP.

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TABLE OF CONTENTS


	Page
ARTICLE I Meetings of Shareholders	117
ARTICLE II Directors	122
ARTICLE III Officers	129
ARTICLE IV Indemnity	134
ARTICLE V Proprietary Leases	136
ARTICLE VI Capital Shares	141
ARTICLE VII Negotiable Instruments	148
ARTICLE VIII Miscellaneous	149
ARTICLE IX Amendments	149

## ARTICLE I

### Meetings of Shareholders

Section 1. Annual Meeting: Within thirty (30) days after the closing under the Offering Statement-Plan to convert to Cooperative Ownership the premises known as \_\_\_\_\_ chester, County of \_\_\_\_\_, State of New York, the first annual meeting of the shareholders of this Corporation shall be held, for the election of Directors and for such other business as may properly come before such meeting. Subsequent annual meetings shall be held on or about the anniversary of such date each succeeding year. Such meetings shall be held in the Town of \_\_\_\_\_, County of \_\_\_\_\_ at the office of the corporation or at such other suitable place convenient to the shareholders as may be designated in the notice of the meeting.

Section 2. Special Meetings: Special meetings of shareholders, other than those the calling of which is regulated by statute, may be called at any time by the President or Secretary or by a majority of the Board of Directors. It shall also be the duty of the Secretary to call such meetings whenever requested in writing so to do by shareholders of record owning at least twenty-five (25%) per cent of the outstanding shares of the corporation. No business other than that stated in such notice shall be transacted at such special meeting unless the holders of all the outstanding shares of the corporation be present thereat in person or by proxy.



Section 3. Notice of Meetings: Notices of all meetings shall be in writing and signed by the President, Vice President or the Secretary. Such notice shall state the time, place and purpose of the meeting. The Secretary shall cause a copy thereof to be delivered personally or mailed to each shareholder of record of the corporation entitled to vote at such meeting not less than ten (10) nor more than forty (40) days before the meeting. If mailed, it shall be directed to each such shareholder at his or her address as it appears on the record of shareholders, which shall be the address of the apartment covered by the proprietary lease to which his shares are appurtenant, unless a written request shall have been filed by him or her with the Secretary that notice be mailed to some other address, in which case it shall be mailed to the address designated in such request.

Section 4. Waiver of Notices: The notice provided for in the foregoing section is not indispensable, and any shareholders' meeting shall be deemed validly called for all purposes if all of the outstanding shares of the corporation are represented thereat in person or by proxy, or if a quorum is present as provided in the next succeeding section, and waivers of notice of the time, place and purpose of such meeting may be duly executed in writing either before or after said meeting by such shareholders as are not so represented and were not given such notice. Attendance of any shareholder at a meeting, in person or by proxy, shall constitute a waiver of notice by him of the time and place thereof.

Section 5 Quorum: At all meetings of shareholders, except where otherwise provided by law, the Certificate of Incorporation or by these By-Laws, shareholders representing, in person or by proxy, a majority of the shares entitled to vote thereat shall constitute a quorum. In case a quorum shall not be present at any meeting, the holders of a majority of the shares represented may adjourn the meeting to some future time and place. No notice of the time and place of the adjourned meeting need be given other than by announcement at the meeting. Only those shareholders who, if present at the original meeting would have been entitled to vote thereat, shall be entitled to vote at any such adjourned meeting.

Section 6. Voting: Except where otherwise provided by law or elsewhere in these By-Laws or in the Certificate of Incorporation of the corporation, the affirmative vote of a majority of the shares represented at a meeting where a quorum is present shall constitute the act of the shareholders. At each meeting of shareholders, each shareholder present in person or by proxy shall be entitled to one vote for each share registered in his name (except as provided in Article II for the election or removal of Directors) on the record date, which shall be not more than forty (40) days nor less than ten (10) days before such meeting, and which shall be the date fixed by the Board of Directors as the date for determining which shareholders of record are entitled to notice of and to vote at such meeting. Proxies shall be in

writing duly signed by the shareholder but need not be acknowledged or witnessed, and the person named as proxy by any shareholder need not himself be a shareholder of the corporation. Proxies shall be filed with the Secretary at or prior to the time of the meeting. Voting by shareholders shall be vica voce unless any shareholder present at the meeting, in person or by proxy, demands a vote by written ballot, in which case the voting shall be by ballot, and each ballot shall state the name of the shareholder voting and the number of shares owned by him, and in addition, the name of the proxy of such ballot if cast by a proxy.

Section 7. Consent of Shareholders: Whenever the shareholders are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken and signed by the holders of all outstanding shares entitled to vote thereon.

Section 8. Inspectors of Election: Inspectors of election shall not be required to be appointed at any meeting of shareholders unless requested by a shareholder present in person or by proxy and entitled to vote at such meeting. On the making of such request, two (2) inspectors shall be appointed by the President. No Director or candidate for Director shall be eligible to appointment as inspector. Before entering upon the discharge of their duties, the inspectors appointed to act at any meeting of the shareholders shall be sworn faithfully to execute the duties of inspectors at such meeting with strict impartiality, and according to

the best of their ability, and the oath so taken shall be subscribed by them and immediately filed with the Secretary of the corporation with a certificate of the result of the vote taken at such meeting. If there are not two (2) inspectors present, ready and willing to act, the required number of temporary inspectors to make up such number shall be appointed by the Chairman of the meeting.

Section 9. Order of Business: At each meeting of shareholders, the President, or in his absence a Vice President, shall act as Chairman of the meeting. The Secretary, or in his absence such person as may be appointed by the Chairman, shall act as Secretary of the meeting. So far as consistent with the purpose of the meeting, the order of business shall be as follows:

1. Call to order.
2. Presentation of proof of due calling of the meeting.
3. Roll call and presentation and examination of proxies.
4. Reading of minutes of previous meeting or meetings.
5. Reports of Officers and committees.
6. Appointment or election of inspectors of election, if requested.
7. If the annual meeting or a special meeting called for that purpose, the election of Directors.
8. Unfinished business.
9. New business.
10. Adjournment.

## ARTICLE II

### Directors

Section 1. Number: The number of the Directors of the Corporation shall be ~~not less than three nor more than seven,~~ as may from time to time be herein provided, Commencing with the first election of Directors by shareholders of the corporation, and until changed by amendment of this By-Law provision, as hereinafter provided, the number of Directors shall be five (5). The number of Directors shall not be decreased to a number less than the number of Directors then in office except at an annual meeting of shareholders, or at a special meeting held after a vacancy in the Board.

Section 2. Election and Qualification: The Directors shall be elected at the annual meeting of shareholders, or at a special meeting called for that purpose, as provided by law, by a plurality of votes cast at such meeting. Their term of office shall be until the next annual meeting, and thereafter until their respective successors are elected and qualify. It shall not be necessary for a Director of this corporation to be a shareholder. Not less than a majority of the Board of Directors shall be Tenant Shareholders or their spouses in occupancy of apartments in the Building owned by the corporation, but all Directors need not be shareholders.



Section 3. Quorum: A majority of the Directors authorized by the By-Laws shall constitute a quorum. In case a quorum shall not be present at any meeting, the Directors present may adjourn the meeting to some future time and place. No notice of the time and place of the adjourned meeting need be given other than by announcement at the meeting. Only those Directors who, if present at the original meeting would have been entitled to vote thereat, shall be entitled to vote at such adjourned meeting.

Section 4. Vacancies: Vacancies in the Board of Directors resulting from death, resignation or increase in the size of the Board may be filled for the remainder of the term without notice to the shareholders by a vote of a majority of the remaining Directors present at any regular meeting of the Board of Directors or any special meeting thereof called for such purpose. In the event of the failure to hold any election of Directors at the time designated for the annual election of Directors or in the event that the Board of Directors shall not have filled any such vacancy, a special meeting of shareholders to elect a new Board of Directors or to fill such vacancy or vacancies may be called in the manner generally provided for the calling of special meetings of shareholders. Vacancies in the Board of Directors resulting from an increase of the Board of Directors by amendment of these By-Laws shall be filled in the manner provided in the resolution adopting such amendment.

Section 5. Management of the Corporation: The business affairs of the corporation and the operation of the Buildings shall be managed by the Board of Directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the shareholders.

Section 6. Meetings: The Board of Directors shall meet immediately after the annual meeting of shareholders without notice, and also whenever called together by the President or by a Vice President or Secretary upon the written request of any two (2) Directors then holding office, upon notice given to each Director, by delivering personally, mailing or telegraphing the same to him at least two days prior to such meeting at the last address furnished by him to the corporation. Regular meetings may be held with or without notice at such times and places as the Board of Directors may determine. Any meeting of the Board at which all the members shall be present, or of which notice shall be duly waived by all absentees, either before or after the holding of such meeting, shall be valid for all purposes provided a quorum be present. Meetings of Directors may be held either at the principal office of the corporation or elsewhere within the State of New York as provided in the notice calling the meeting, unless the Board of Directors by resolution adopt some further limitation in regard thereto.

Section 9. Annual Cash Requirements: The Board of Directors shall, except as may be otherwise restricted by the proprietary lease of the corporation, from time to time, determine the cash requirements as defined in the corporation's proprietary lease for each particular year of the term of such proprietary lease by resolution or resolutions adopted during the particular year in question or the preceeding year, and fix the terms and manner of payment of rent (maintenance charges) under the corporation's proprietary leases. Immediately after the adoption of any such resolution as above provided, the Secretary shall mail or cause to be mailed, or deliver or cause to be delivered to each shareholder who is such a proprietary lessee, a statement of the amount of the cash requirements so determined or a copy of the resolution of the Board concerning the same. The Board of Directors shall have discretionary power to prescribe the manner of maintaining and operating the Buildings of the corporation, and any other premises acquired by the corporation by purchase or otherwise and to determine the cash requirements of the corporation to be paid as aforesaid by the shareholders under their respective proprietary leases. Every such determination by the Board of Directors shall be final and conclusive as to all shareholders who are lessees under proprietary leases, and any expenditures made for any corporate purpose by the corporation's Officers or its agents under the direction or with the approval of

At all meetings of the Board of Directors, each Director shall be entitled to one vote. Except where otherwise provided by law or elsewhere in these By-Laws or in the Certificate of Incorporation of the corporation, the affirmative vote of a majority of the Board of Directors present at the time of a vote of a duly constituted meeting where a quorum is present shall constitute the act of the Board of Directors.

Section 7. Consent of Directors: Whenever the Directors are required or permitted to take any action by vote, such action may be taken without a meeting on written consent to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the Directors shall be filed with the minutes of the proceedings of the Board of Directors.

Section 8. Resignation and Removal: Any Director may resign at any time by written notice delivered in person or sent by certified or registered mail to the President or Secretary of the corporation. Such resignation shall take effect at the time specified therein, and unless specifically requested, acceptance of such resignation shall not be necessary to make it effective.

Any Director may be removed from office at any time with or without cause, by the shareholders, upon affirmative vote, taken at a shareholders' meeting duly called for the purpose, by the shareholders of record of at least two-thirds (2/3rds) of the then outstanding shares.

the Board of Directors of the corporation shall, as against the shareholders, be deemed necessarily and properly made for such purpose.

Section 10. House Rules: The Board of Directors may, from time to time, adopt and amend such reasonable house rules with respect to the premises owned or leased by the corporation as it may deem necessary for the health, safety and convenience of the Tenant Shareholders. Copies thereof and changes therein shall be furnished to each Tenant Shareholder. All house rules shall be binding upon all tenants and occupants of the Building.

Section 11. Executive Committee and Other Committees: The Board of Directors may by resolution appoint an Executive Committee, and such other committees as it may deem appropriate, each to consist of three or more Directors of the corporation. Vacancies in such committees shall be filled by the Board of Directors at a regular or special meeting. Such committees shall have and may exercise such of the powers of the Board in the management of the business and affairs of the corporation during the intervals between the meetings of the Board as may be determined by the authorizing resolution of the Board of Directors and so far as may be permitted by law, except that no committee shall have power to determine the cash requirements defined in the proprietary leases, to fix the rent to be paid under the proprietary

leases, to vary the terms of payment thereof as fixed by the Board, to consent to the assignment of leases or subletting of apartments covered by proprietary leases, to amend the By-Laws, or to take any action which is denied to such committee by Section 712 of the Business Corporation Law.

Section 12. Compensation: No salary or other compensation for services shall be paid to any Director of the corporation for services rendered as such Director unless and until the same shall have been authorized in writing or by affirmative vote, taken at a duly held meeting of shareholders called for that purpose, by shareholders of record of at least two-thirds (2/3rds) of the then outstanding shares of the corporation. This shall not preclude a Director of the corporation from performing any other service for the corporation and receiving compensation therefor.

Section 13. Contracts and Transactions of the Corporation. No contract or other transaction between the Corporation and any one or more of its directors or any other Corporation, firm, association or other entity in which one or more of its directors are directors or officers, or are financially interested shall be void or voidable for this reason alone or by reason alone that such director or directors are present at the meeting of the Board or of a Committee thereof, which approves such contract or transaction, or that he or their votes are counted for such purpose, provided that the provisions of Section 713 of the Business Corporation Law are complied with.

## ARTICLE III

### Officers

Section 1. Election and Removal: The Officers of the corporation shall be a President, one or more Vice Presidents, a Secretary and a Treasurer. Such Officers shall be elected at the first meeting of the Board of Directors after these By-Laws become effective, and thereafter at the regular Board meeting in each year following the annual meeting of shareholders, and shall serve until removed or until their successors shall have been elected and shall qualify. The Board of Directors may at any time or from time to time appoint one or more Assistant Secretaries and one or more Assistant Treasurers to hold office at the discretion of the Board and may accord to such officers such power as the Board deems proper.

Section 2. Qualifications: The President shall be a member of the Board of Directors, and shall be a Tenant Shareholder or the spouse of a Tenant Shareholder, but none of the other Officers need be a member of the Board of Directors or a shareholder or the spouse of a shareholder. One person may hold not more than two offices at the same time, except that the President and the Secretary may not be the same person.

Section 3. Resignation, Removal and Vacancies: Any Officer may be removed at any time, with or without cause, by the affirmative vote of a majority of the then authorized total number of Directors. Any Officer may resign at any time by giving written notice to the Board, the President or Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Vacancies occurring in the office of any officer may be filled by the Board of Directors at any time, in the manner prescribed for regular election. The Officer elected to fill such vacancy shall serve for the remainder of the term of the Officer he replaces.

Section 4. Duties of President and Vice Presidents: The President shall preside at all meetings of the shareholders and of the Board of Directors. The President shall make and sign in the name of the corporation all certificates for shares of the corporation, proprietary and other leases and subleases, contracts and other instruments which are authorized from time to time by the Board of Directors. The President, subject to the control of the Board of Directors, shall have general management of the affairs of the corporation and perform all the duties incidental to the office,



or prescribed for him by these By-Laws or by the Board of Directors. In his absence from the Town of \_\_\_\_\_ or the inability of the President to act, any Vice President shall have the powers and perform the duties of the President. A Vice President shall at all times have power to make and sign proprietary leases in the name of the corporation.

Section 5. Duties of Treasurer: The Treasurer shall, subject to the control of the Board, have the care and custody of and be responsible for, all funds and securities of the corporation, shall deposit such funds in the name of the corporation in such bank or trust companies as the Directors may determine, and shall perform all other duties incidental to his office or prescribed for him by these By-Laws or by the Board of Directors. If so required by the Board of Directors, he shall, before receiving any such funds, furnish to the corporation a bond of a surety company, in such form and amount as said Board from time to time shall determine. The premium upon such bond shall be paid by the corporation.

As soon as possible after the close of each calendar year, the Treasurer shall furnish or cause to be furnished to each Tenant Shareholder whose proprietary lease is then in effect, a statement of the receipts, disbursements and paid-in surplus of the corporation during such year, on

which statement shall be indicated the amount of rental paid by shareholders under their proprietary leases during such year which has been used by the corporation for the payment of taxes on real property owned by the corporation, interest on mortgages or other indebtedness, the principal of any mortgage and any other capital expenditure and such other information as may be necessary to permit him to compute his income tax liability in respect thereof.

In the absence or disability of the Treasurer, the Assistant Treasurer, if any, shall have all the powers and perform the duties of the Treasurer.

Section 6. Duties of Secretary: The Secretary shall keep and record in proper books provided for the purpose, the minutes of the meetings of the Board of Directors and of the meetings of shareholders; he shall record all transfers of shares and cancel and preserve certificates of shares transferred, and he shall keep such other records as the Board shall require. He shall attend to the giving and service of all notices of the corporation, have custody of the corporate seal and shall be empowered to affix the corporate seal to certificates for shares and to all written instruments authorized by the Board of Directors or by these By-Laws. He shall cause to be kept a shareholders' record containing the names, alphabetically arranged, of all persons

who are shareholders of the corporation, showing their places of residence, the number of shares held by them, the time when they respectively became the owners thereof, the amount paid thereon, and the denomination and the amount of all stock transfer stamps affixed thereto, and such book shall be open for inspection as provided by law. In the absence or inability of the Secretary, an Assistant Secretary, if any, shall have all the powers and perform all the duties of the Secretary.

Section 7. Compensation: No salary or other compensation for service shall be paid to any Officer of the corporation for services rendered as such Officer unless and until the same shall have been authorized in writing or by affirmative vote, taken at a duly held meeting of shareholders called for that purpose, by shareholders of record of at least two-thirds (2/3rds) of the then outstanding shares of the corporation. This shall not preclude an Officer of the corporation from performing any other service for the corporation and receiving compensation therefor.

## ARTICLE IV

### Indemnity

#### Section 1. Indemnification of Directors and Officers:

To the extent allowed by law, any person made a party to an action by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he, his testator or intestate is or was a Director or Officer of the corporation shall be indemnified by the corporation against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense of such action, suit or proceeding, or in connection with an appeal therein, except in relation to matters as to which such Director or Officer is adjudged to have breached his duty to the corporation under Section 717 of the Business Corporation Law, and except with respect to those amounts and expenses referred to in Section 722(b) of the Business Corporation Law.

To the extent allowed by law, any person made or threatened to be made a party to an action or proceeding other than one by or in the right of the corporation to procure a judgment in its favor, whether civil or criminal, including an action by or in the right of any other corporation, domestic or foreign, brought to impose a liability or penalty upon such person for an act alleged to have been

committed by such person, his testator or intestate, as a Director or Officer of the corporation, or of any other corporation which he served as such at the request of the corporation, shall be indemnified by this corporation against judgements, fines, amounts paid in settlement and reasonable expenses including attorneys' fees, actually and necessarily incurred as a result of such action or proceeding, or any appeal therein, if such Director or Officer acted in good faith for a purpose which he reasonably believed to be in the best interests of the corporation, and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his conduct was unlawful.

The termination of any such civil or criminal action, suit or proceeding by judgment, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not in itself create a presumption that any such Director or Officer did not act in good faith, for a purpose which he reasonably believed to be in the best interests of the corporation, or that he had reasonable cause to believe that his conduct was unlawful.

Section 2. Payments: Any payments by the corporation pursuant to this Article IV, shall be made in accordance with the provisions of Sections 722 through 726 of the Business Corporation Law.

## ARTICLE V

### Proprietary Leases

Section 1. Form Of Lease: The Board of Directors shall adopt a form of proprietary lease to be used by the corporation for the leasing of all apartments and other space in the Building of the corporation to be leased to Tenant Shareholders under proprietary leases. Such proprietary leases shall be for such terms, with or without provisions for renewals, and shall contain such restrictions, limitations and provisions in respect to the assignment thereof, the subletting of the premises demised thereby and the sale and/or transfer of the shares of stock of the corporation appurtenant thereto, and such other terms, provisions, conditions and covenants as the Board of Directors may determine.

After a proprietary lease in the form so adopted by the Board of Directors shall have been executed and delivered by the corporation, all proprietary leases subsequently executed and delivered shall be in the same form, (except with respect to the statement as to the number of shares owned by the lessee and the date of the commencement of the lease term), and shall not be changed in form or substance unless any change or alteration is approved at a meeting of shareholders called for that purpose or by written consent of Tenant Shareholders owning at least seventy five (75%) percent of the outstanding shares of the corporation then owned by Tenant Shareholders under proprietary leases then in effect.

Notwithstanding the foregoing, in no event shall there be any change or alteration in the provision of the proprietary lease relating to the right of the Sponsor or entity affiliated with the Sponsor or a Tenant Shareholder produced by Sponsor to assign his proprietary lease or sublet his apartment.

Section 2. Allocation of Shares: The Board of Directors shall allocate to each apartment to be leased to Tenant Shareholders under proprietary leases, the number of shares of the corporation which must be owned by the proprietary lessee of such apartment.

Section 3. Assignment of Lease and Transfer of Shares: Proprietary leases shall be assigned or transferred only in compliance with, and never in violation of, the terms, conditions or provisions of such proprietary leases. A duplicate original of each proprietary lease shall always be kept on file in the principal office of the corporation or with the Managing Agent of the Building.

No assignment of any lease or transfer of the shares of the corporation shall take effect as against the corporation for any purpose until (a) a proper assignment has been delivered to the corporation; (b) the assignee has assumed and agreed to perform and comply with all the covenants and conditions of the assigned lease or has entered into a new lease for the remainder of the term; (c) all shares of the corporation appurtenant to the lease have been transferred to the assignee; (d) all sums due have been paid to the

corporation; and (e) all necessary consents have been properly obtained. The action of the Board of Directors with respect to the written application for consent of a proposed assignment must be made within a reasonable time after receipt of said written application.

No person to whom the interest of a lessee or shareholder shall pass by law shall be entitled to assign any lease, transfer any shares, or sublet or occupy any apartment, except upon compliance with the requirements of the lease and these By-Laws.

Section 4. Fees on Assignment: The Board of Directors shall have authority before an assignment or sublet of a proprietary lease or reallocation of shares takes effect as against the corporation as lessor, to fix a reasonable fee to cover actual expenses and attorneys' fees and a service fee of the corporation in connection with each such proposed assignment, and to make provision that such fees be payable in advance as a condition to such assignment. This provision shall not apply to the assignment, sublet or reallocation of shares held by the Sponsor, any entity affiliated with the Sponsor, or individuals produced by the Sponsor.

Section 5. Lost Proprietary Leases: In the event that any proprietary lease in full force and effect is lost, stolen, destroyed or mutilated, the Board of Directors may authorize the issuance of a new proprietary lease in lieu



thereof, in the same form and with the same terms, provisions, conditions and limitations. The Board may, in its discretion, before the issuance of any such new proprietary lease, require the owner thereof, or the legal representative of the owner, to make an affidavit or affirmation setting forth such facts as to the loss, destruction or mutilation as it deems necessary, and to give the corporation a bond in such reasonable sum as it directs, to indemnify the corporation.

Section 6. Regrouping of Space: The Board of Directors, upon the written request of the lessee or lessees of one or more proprietary leases covering one or more apartments in the Building and the owner or owners of the shares issued to accompany the same, may in its discretion, at any time, permit such owner or owners, at his or their own expense:

- (1) to subdivide any apartment into any desired number of apartments, (2) to combine all or any portions of any such apartments into one or any desired number of apartments; and
- (3) to reallocate the shares issued to accompany the proprietary lease or leases so affected, provided that the total number of the shares so reallocated shall not be less than the number of shares previously allocated to the apartment or apartments involved, and that the allotment of shares is based upon the fair rental value of the subdivided or combined apartments. In connection with any such regrouping, the

Board of Directors may require that the number of shares allocated to the resulting apartment or apartments be greater than the number of shares allocated to the original apartment or apartments, and may authorize the issuance of shares from its treasury for such purpose.

The Board of Directors may incorporate one or more servant's rooms, or other space in the Building not covered by any proprietary lease, into one or more apartments covered by a proprietary lease, whether in connection with any regrouping of space pursuant to this Section 6 or otherwise, and in allocating shares to any such resulting apartment or apartments, shall determine the number of shares from its treasury to be issued and allocated in connection with the appropriation of such additional space.

With respect to apartments for which the proprietary leases and shares issued to accompany the same are owned by the Sponsor named in the Plan of Cooperative Organization or the Sponsor's Nominee or the Sponsor's Assignee (who while entitled to occupy any such apartments for his personal use does not do so), such Sponsor, Nominee, or Assignee may, upon the written consent of only the Managing Agent of the Building, change the number of such apartments by increasing or decreasing their size, or change the size, layout or location of any such apartment; but such Sponsor, Nominee, or Assignee shall not have the right to reallocate the shares

allocated to any of the apartments offered for sale under said Plan, unless such reallocation is designed to reflect a change in the value of the equity in the property attributable to the apartment or apartments to which the block of shares is being reallocated.

Upon any regrouping of space in the Building, the proprietary leases so affected and the accompanying share certificates shall be surrendered, and there shall be executed and delivered in place thereof, respectively, a new proprietary lease for each separate apartment involved, and a new certificate for the number of shares so reallocated to each new proprietary lease.

Section 7. No action or proceedings at law which may result in a forfeiture of a proprietary lease or a determination that a forfeiture has occurred, whether for nonpayment of maintenance charges or otherwise, shall be maintained unless authorized or ratified by resolution of the Board of Directors.

## ARTICLE VI

### Capital Shares

Section 1. Owners of Shares Entitled to Proprietary Leases: The shares of the corporation issued and outstanding on the date of adoption of these By-Laws having all been allocated among the apartments, no such shares hereafter acquired by the corporation shall be reissued except in connection with the execution by the purchaser and delivery

by the corporation of a proprietary lease of an apartment in the Building owned by the corporation. The ownership of shares shall entitle the holder thereof to occupy the apartment for the purposes specified in the proprietary lease to which the shares are appurtenant, subject to the provisions, covenants and agreements contained in such proprietary lease. Unissued but authorized shares may hereafter be issued by the corporation but only in conjunction with a proprietary lease or leases and in connection with the leasing of space in the Building not now covered by proprietary leases, or the regrouping of space as provided in Article V, Section 6 hereof.

Section 2. Form and Share Register: Certificates of the shares of the corporation shall be in the form adopted by the Board of Directors, and shall be signed by the President or a Vice President and the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer, and sealed with the seal of the corporation, and shall be numbered in the order in which issued. Such signatures and seal may be facsimilies when and to the extent permitted by applicable statutory provisions. Certificates shall be bound in a book and issued in consecutive order therefrom, and in the margin or stub shall be recorded the name of the person holding the shares, the number of shares and the date of issue. Each certificate exchanged or returned to the corporation shall

be cancelled, and the date of cancellation shall be indicated thereon by the Secretary and such certificate shall be retained in the certificate book opposite the memorandum of its issue.

Section 3. Issuance of Certificates: Shares appurtenant to each proprietary lease shall be issued in the amount allocated by the Board of Directors to the apartment or other space described in such proprietary lease and shall be represented by a single certificate.

Section 4. Transfers: Transfers of shares shall be made upon the books of the corporation only by the holder in person or by power of attorney, duly executed, witnessed and filed with the Secretary of the corporation, and on the surrender of the certificate for such shares properly endorsed, except that shares sold by the corporation to satisfy any lien which it holds thereon may be transferred without the surrender of the certificate representing such shares. No transfer of shares shall be valid as against the corporation, its shareholders and creditors for any purpose except to render the transferee liable for the debts of the corporation to the extent provided for in the Business Corporation Law or any other applicable provision of law, until it shall have been entered in the stock book as required by Section 624 of the Business Corporation Law or any then existing applicable provision of law by an entry from whom and to whom transferred. The shares may be transferred only after

consent of the Board of Directors, which consent shall not unreasonably be withheld nor refused on the basis of race, creed or national origin, and only to a person who is the lessee under a proprietary lease and may be transferred only as a unit. If the Board of Directors does not consent to such transfer, the transfer may not be effected. Any shareholder may surrender all of his shares and the appurtenant proprietary lease to the Corporation in accordance with the terms of said lease, and may thereafter be released from all future obligations of said lease.

The Board of Directors shall have authority to fix by resolution and to collect, before the transfer of any shares, reasonable fees to cover the corporation's actual expenses and attorneys' fees in connection with such proposed transfer.

Section 5. Units of Issuance: Except as otherwise provided in Article V, Section 5, unless and until all proprietary leases which shall have been executed by the corporation shall have been terminated, the shares appurtenant to each proprietary lease shall not be sold or assigned except as an entirety to the corporation or an assignee of such proprietary lease, after complying with and satisfying the requirements of such proprietary lease with respect to the assignment thereof.

Section 6 Corporation's Lien: The corporation shall at all times have a first lien upon the shares owned by each shareholder to secure the payment by such shareholder of all rent (maintenance charges) to become payable by such shareholder under his proprietary lease, and for any other indebtedness and obligations owing and to be owing by such shareholder to the corporation, and to secure the performance by the shareholder of all the covenants and conditions of said proprietary lease to be performed or complied with by the shareholder. Unless and until such shareholder as lessee shall default in the payment of any of the rent or other indebtedness or obligation or in the performance of any of the covenants or conditions of such proprietary lease, such shares shall continue to stand in the name of the shareholder upon the books of the corporation, and the shareholder shall be entitled to exercise the right to vote thereon as though said lien did not exist. The corporation shall have the right to issue to any purchaser of such shares upon the enforcement by the corporation of such lien, or to the nominee of such purchaser, a certificate of the shares so purchased substantially of the tenor of the certificate issued to such defaulting shareholder, and thereupon the certificate for such shares theretofore issued to such defaulting shareholder shall become void, and such

defaulting shareholder shall surrender same to the corporation upon the latter's demand, but the failure of such defaulting shareholder so to surrender such certificate shall not affect the validity of the certificate issued in replacement thereof. The corporation may refuse to consent to the transfer of shares of any shareholder indebted to the corporation unless and until such indebtedness is paid.

Section 7 Lost Certificates: In the event that any share certificate is lost, stolen, destroyed or mutilated, the Board of Directors may authorize the issuance of a new certificate of the same tenor and for the same number of shares in lieu thereof. The Board may, in its discretion, before the issuance of such new certificate, require the owner of the lost, stolen, destroyed or mutilated certificate, or the legal representative of the owner, to make an affidavit or affirmation setting forth such facts as to the loss, destruction or mutilation as it deems necessary, and to give the corporation a bond in such reasonable sum as it directs, to indemnify the corporation.

Section 8. Legend on Share Certificates: Certificates representing shares of the corporation shall bear a legend reading as follows:

\*The shares represented by this Certificate are appurtenant to a Proprietary Lease of the apartment described on the face hereof between the corporation named on the face hereof, as Lessor, and the record holder of the shares represented by this Certificate,



as Lessee, and the rights of the holder of this Certificate are subject to the provisions of said Proprietary Lease which limits and restricts the title and rights of any transferee of this Certificate, and of the Certificate of Incorporation and the By-Laws of said Corporation, copies of which Proprietary Lease, Certificate of Incorporation and By-Laws are available for examination at the office of said Corporation.

Without limitation to the foregoing, the shares represented by this Certificate are transferable only as an entirety and only to an assignee of the aforementioned Proprietary Lease, after complying with and satisfying the requirements of said Proprietary Lease with respect to the assignment thereof. The Corporation has a lien upon said shares for all sums due and to become due under said Proprietary Lease, and the Directors of said Corporation may refuse to consent to the transfer of said shares and to an assignment of said Proprietary Lease unless and until any indebtedness of the shareholder to the corporation is paid. Said shares may be pledged by the record holder thereof under the provisions and conditions set forth in said Proprietary Lease and in said By-Laws pertaining to a pledge of said Corporation's shares."

Section 9. No Preemptive Right. Ownership of shares of the corporation shall not entitle the holders thereof to any Preemptive Right under Section 622 of the Business Corporation Law, or otherwise, it being the purpose and intent hereof that the Board of Directors, as in its discretion it may deem advisable, shall have the full right, power and authority to offer for subscription or sale, or to make any other disposition of any or all unissued shares of the corporation, or of any or all shares issued and thereafter acquired by the corporation.

Section 10. Distributions: The shareholders shall not be entitled, either conditionally or unconditionally, except upon a complete or partial liquidation of the corporation, to receive any distribution not out of earnings and profits of the corporation.

## ARTICLE VII

### Negotiable Instruments

Section 1. Signatures: Checks shall be signed by one or two Officers who, from time to time, shall be designated by the Board of Directors by standing resolution or special order for that purpose. Promissory notes and bonds of the corporation shall be signed by any two Officers who, from time to time, shall be designated by the Board of Directors for that purpose. Endorsements or transfers of stocks, bonds or other securities shall be signed by the President or any Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary unless the Board of Directors by special resolution prescribes otherwise.

Section 2. Safe Deposit Boxes: Such Officer or Officers as from time to time shall be designated by the Board of Directors, shall have access to any safe deposit box of the corporation in the vault of any safe deposit company.

Section 3. Securities: Such Officer or Officers as from time to time shall be designated by the Board of Directors shall have power to control and direct the disposition of any bonds or other securities or property of the corporation deposited in the custody of any trust company, bank or other custodian.

#### ARTICLE VIII

##### Miscellaneous

Section 1. Seal: The seal of the corporation shall be circular in form and have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal" and "New York".

Section 2. Fiscal Year: The fiscal year of the corporation shall be the calendar year unless otherwise determined by resolution of the Board of Directors.

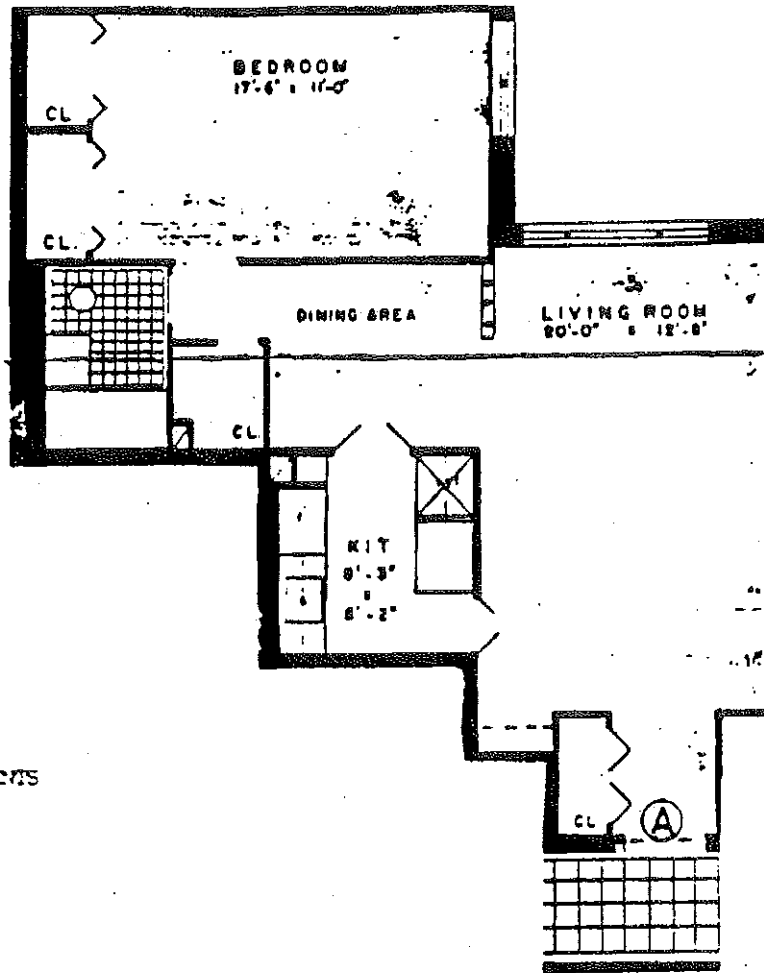
#### ARTICLE IX

##### Amendments

Section 1. By the Shareholders: These By-Laws may be amended at any shareholders' meeting by vote of shareholders owning two-thirds of the amount of the outstanding shares of the corporation, represented in person or by proxy, provided that the proposed amendment or the substance thereof shall have been contained in the notice of meeting or that all of the shareholders be present in person or by proxy.

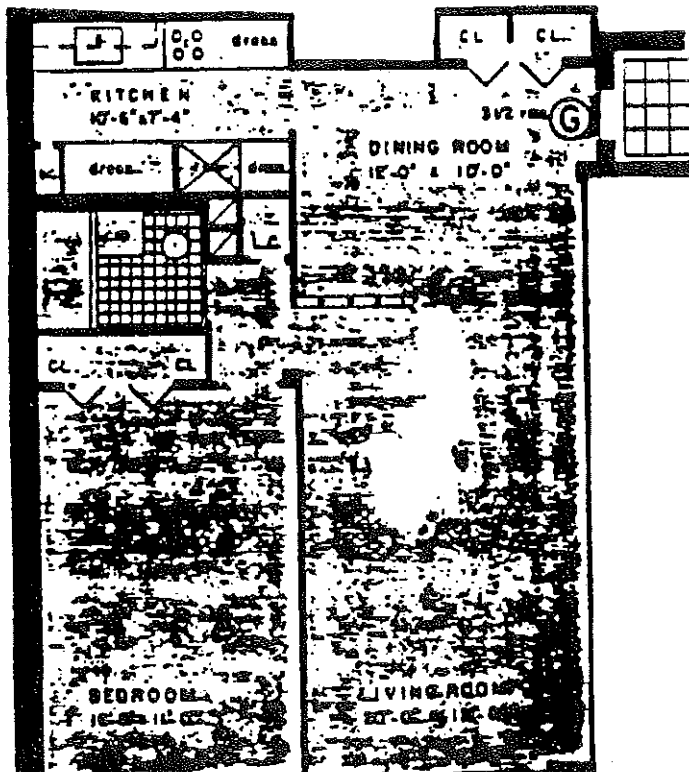
Section 2. By the Directors: The Board of Directors may, by a two-thirds vote of the whole Board, repeal or add to these By-Laws, other than those provisions relating to compensation of Directors and Officers of the corporation, at any regular or special meeting, provided, however, that the proposed amendment or the substance thereof shall have been contained in the notice of the meeting or that all Directors be present in person.

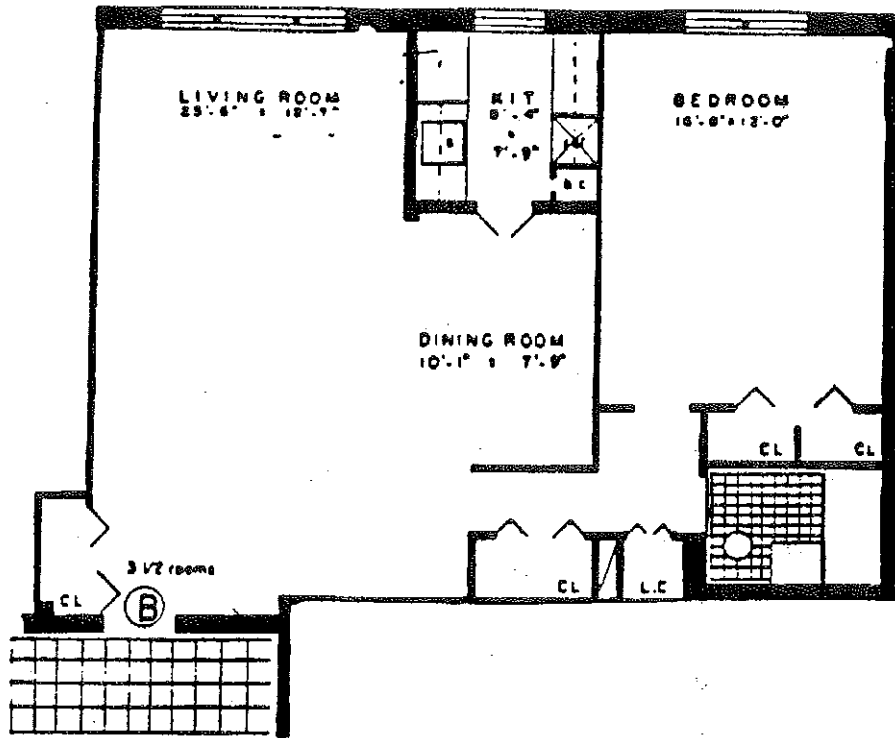
Section 3. General: Anything herein contained to the contrary notwithstanding, so long as the Sponsor, any corporation, firm, association or other entity affiliated with the Sponsor, or shareholders produced by Sponsor, own any shares of the corporation, the By-Laws of the corporation cannot be amended, repealed or added to without the consent of the Sponsor, affiliated entity or shareholders produced by Sponsor, as the case may be.



54a

A and G LINES  
 1 BEDROOM APARTMENTS  
 3 1/2 ROOMS



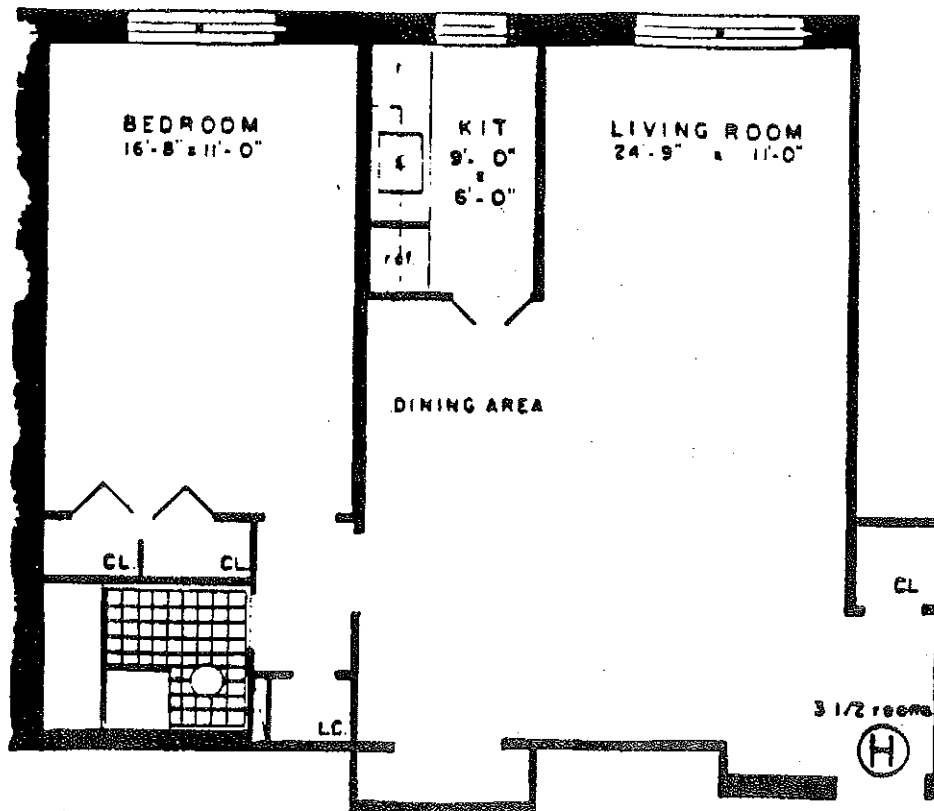


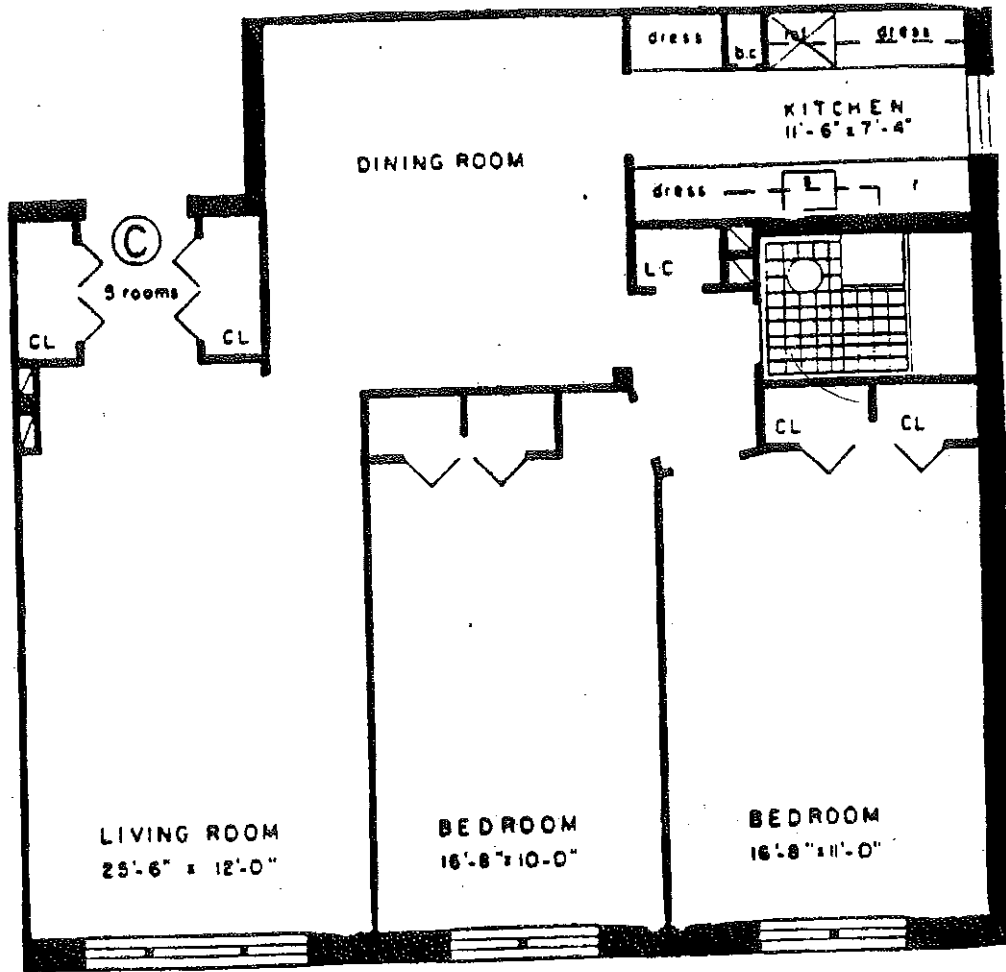
B and H LINES

CORTEX 1 BEDROOM APARTMENTS

3 1/2 ROOMS

54b

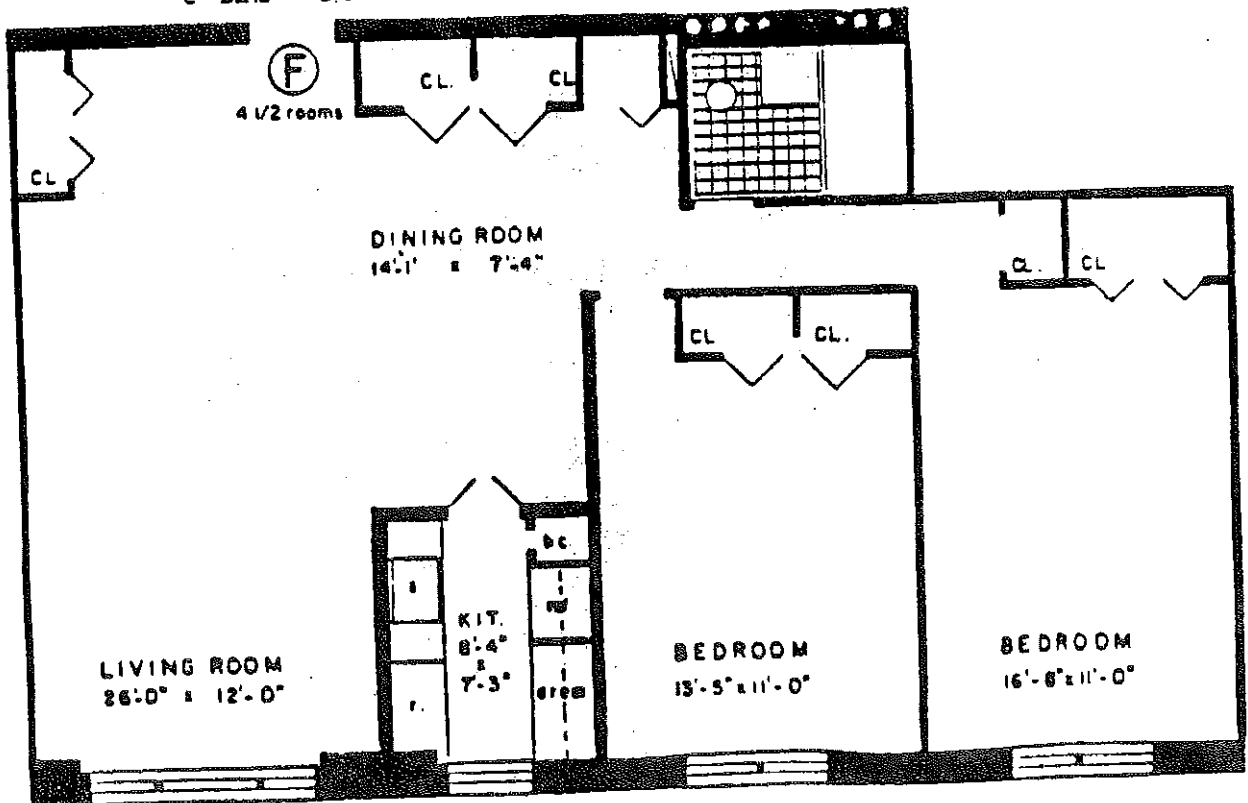




C LINE 2 BEDROOM APARTMENTS

5 ROOMS

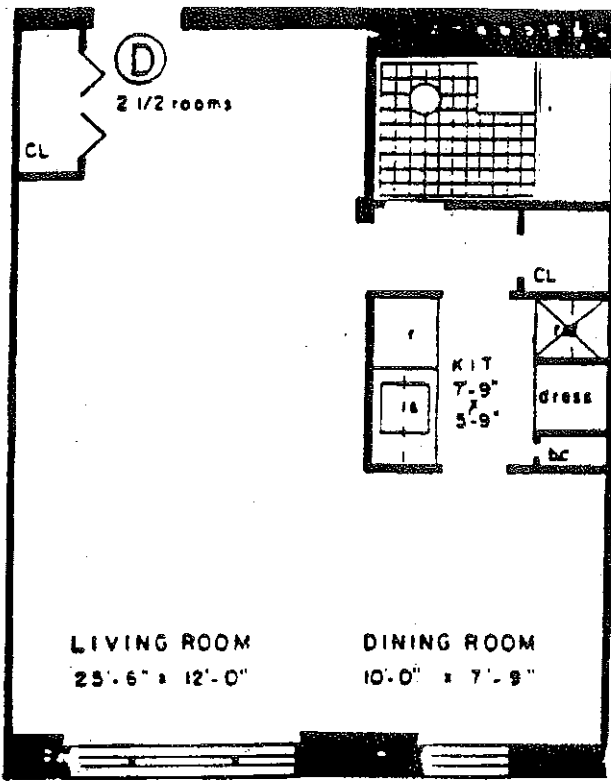
540



F LINE

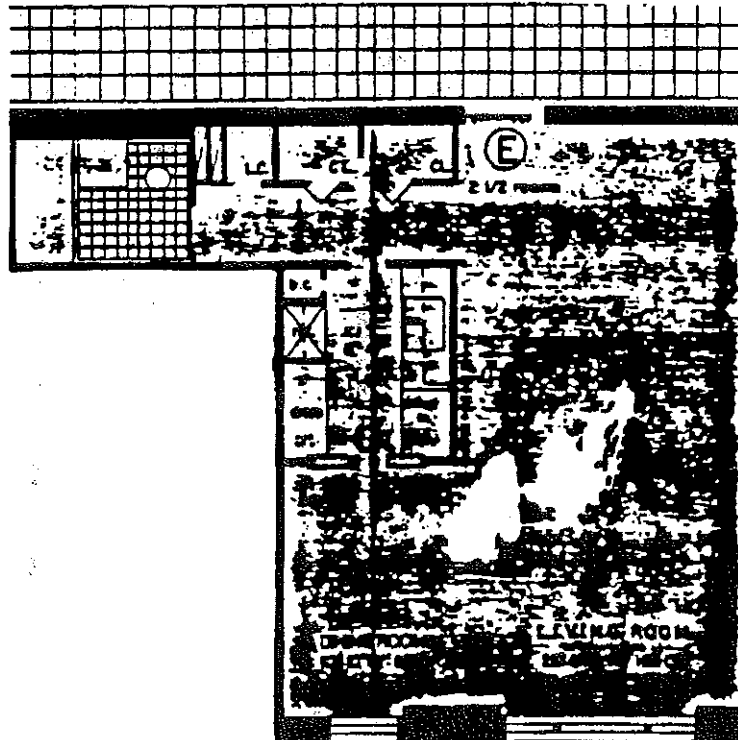
2 BEDROOM APARTMENTS

6 1/2 ROOMS



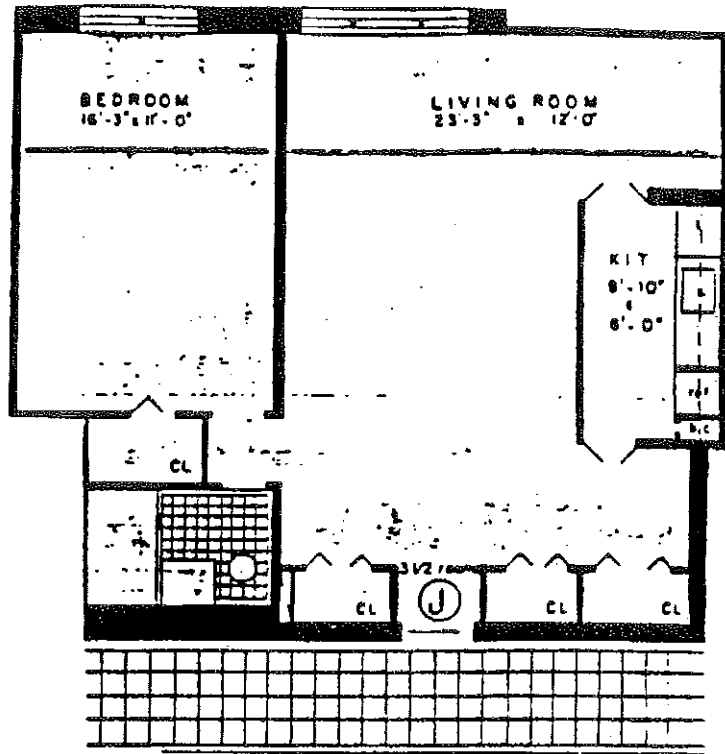
D and E LINES  
STUDIO APARTMENTS  
2 1/2 ROOMS

54d

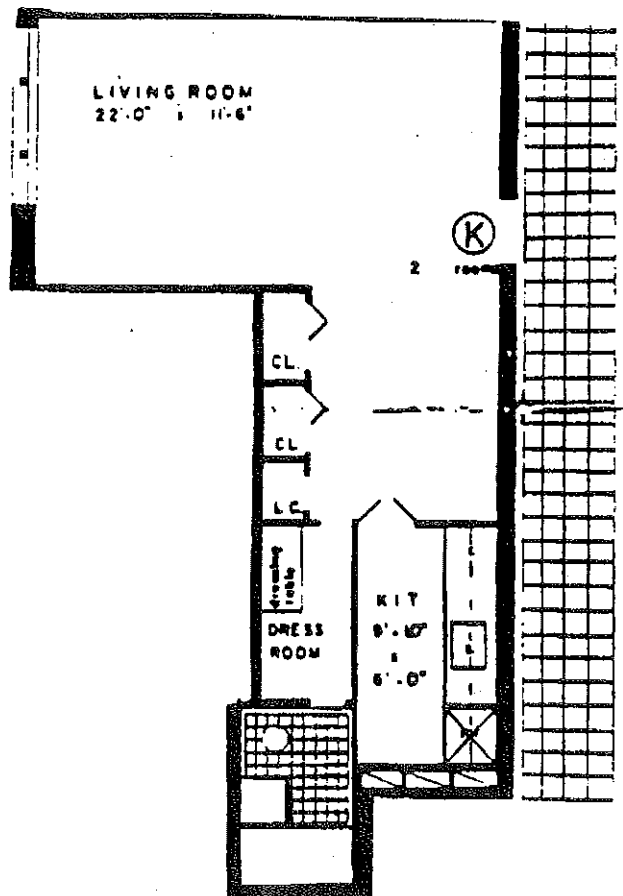




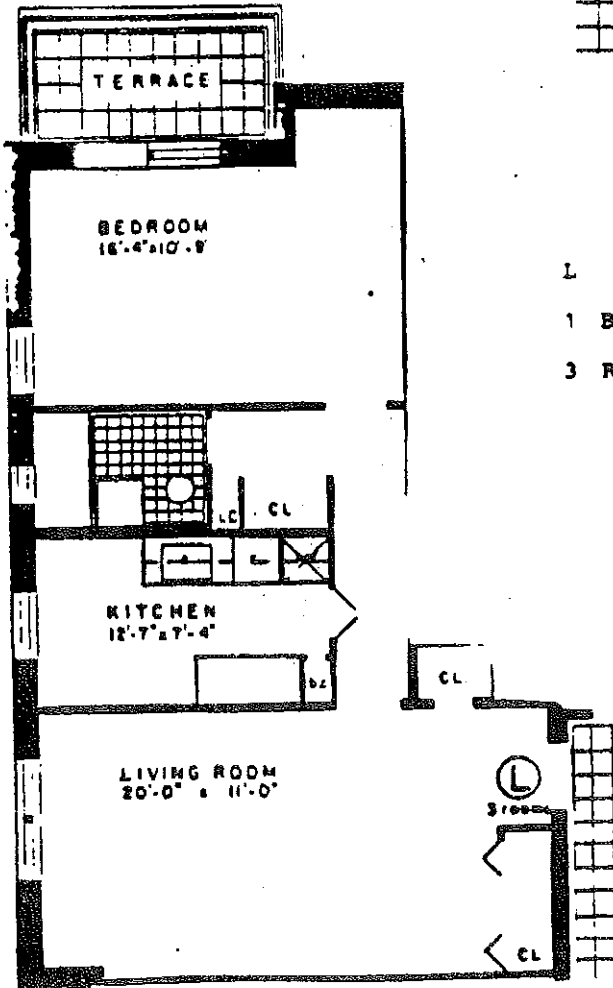
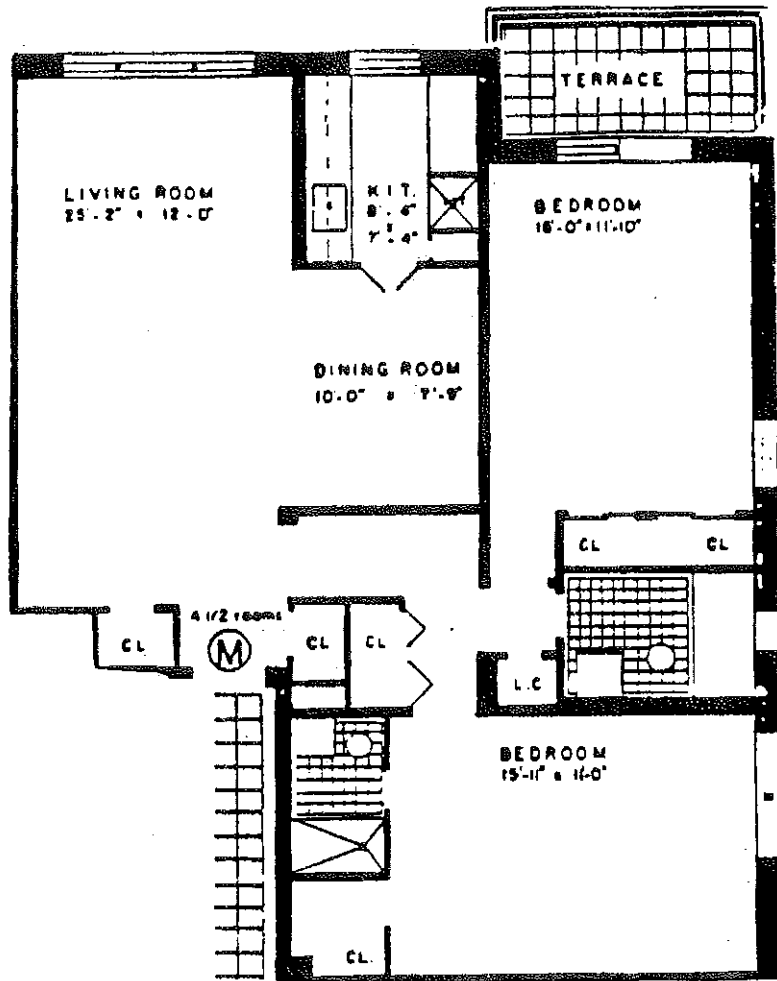
J LINE  
 1 BEDROOM APARTMENTS  
 35 ROOMS



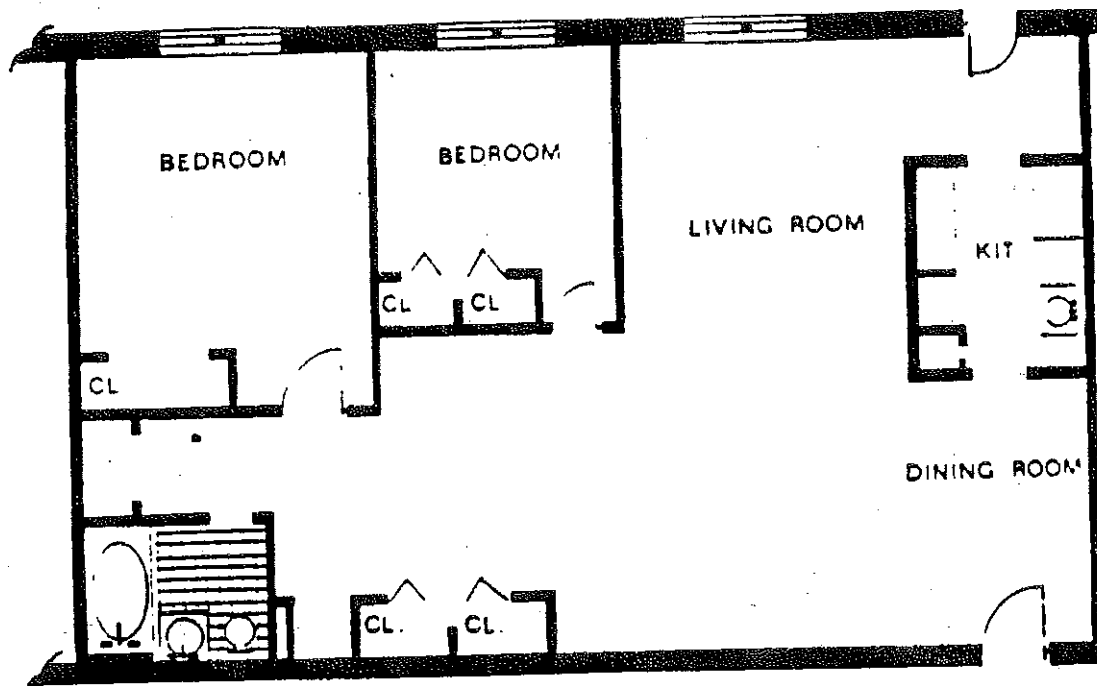
K LINE  
 STUDIO APARTMENTS  
 2 ROOMS



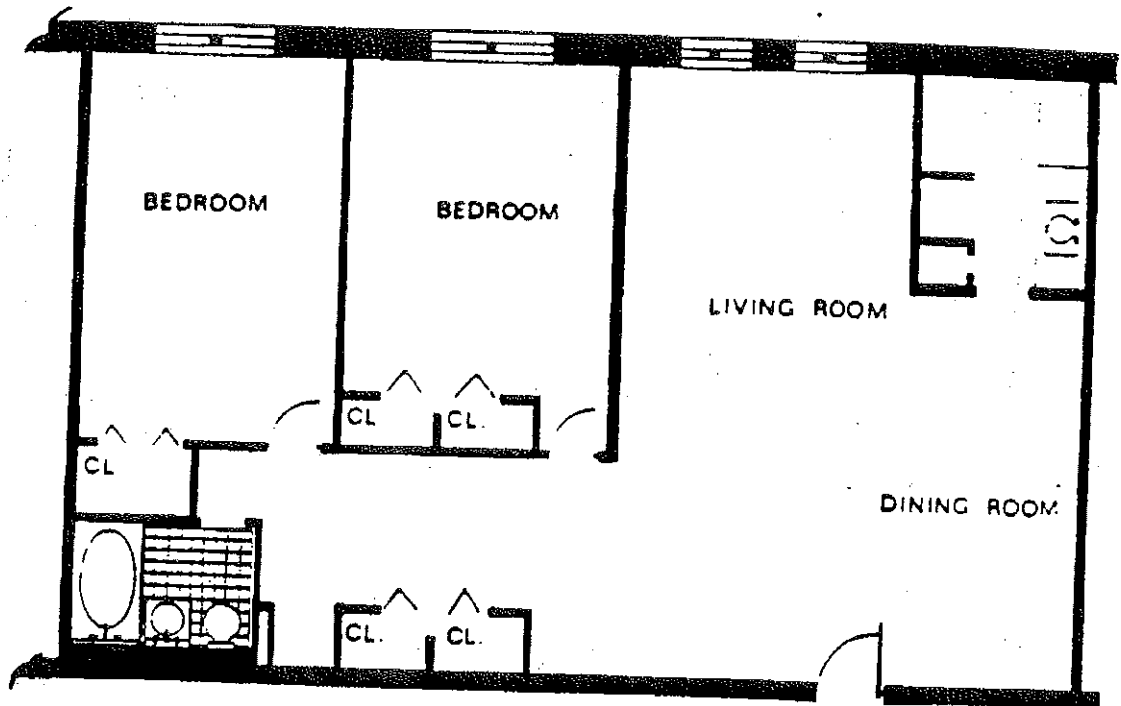
M LINE 2 BEDROOMS, 2 BATHS  
WITH TERRACE  
4 1/2 ROOMS



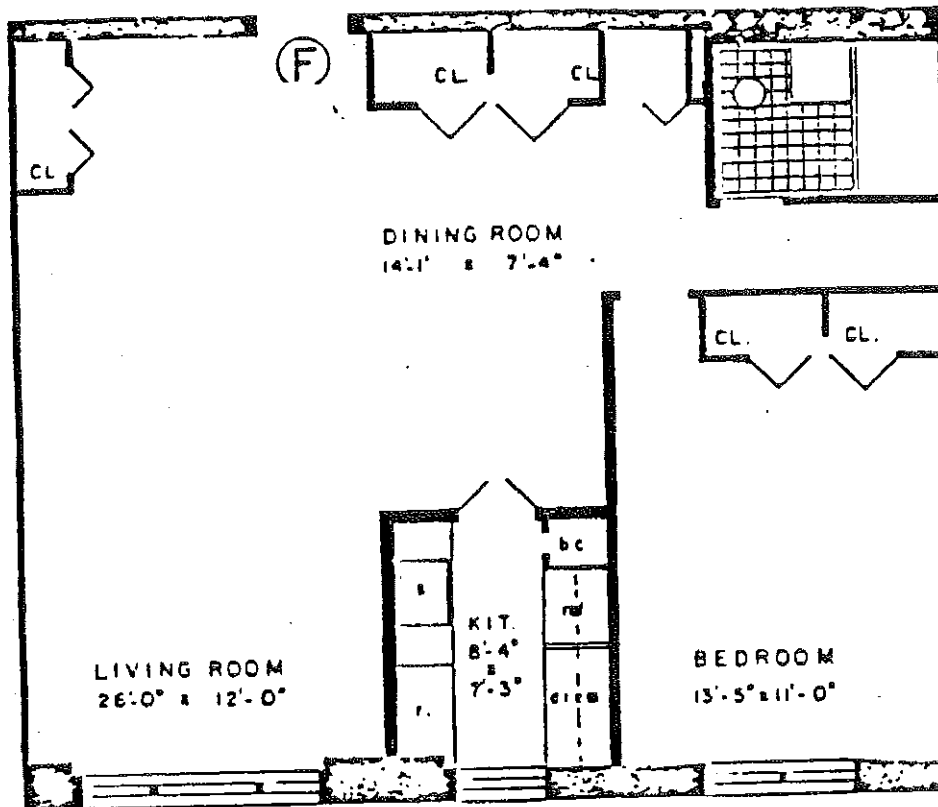
L LINE  
1 BEDROOM, 1 BATH WITH TERRACE  
3 ROOMS



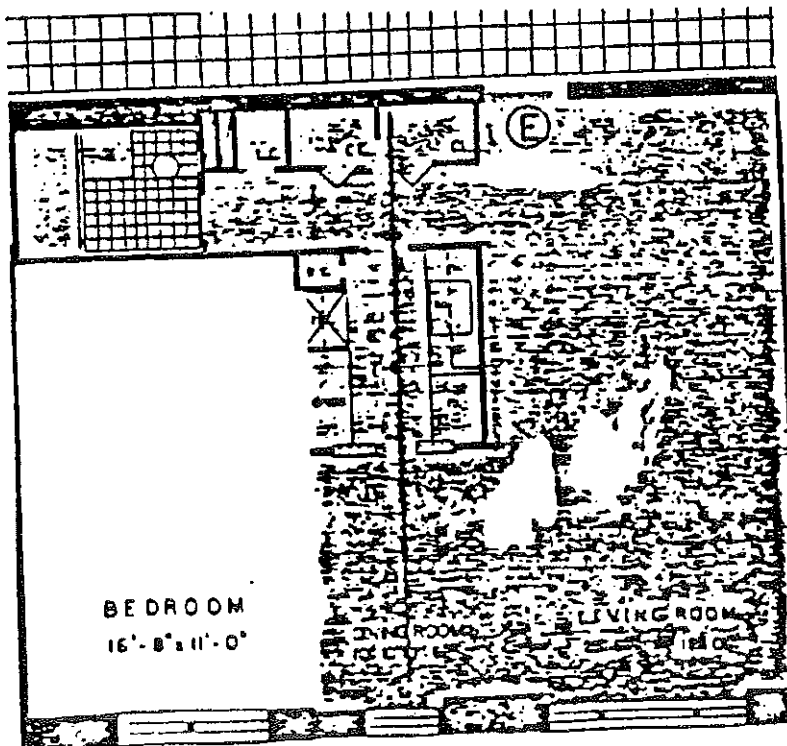
LLA  
4 1/2 ROOM APT.  
2 Bedrooms, 1 Bathroom

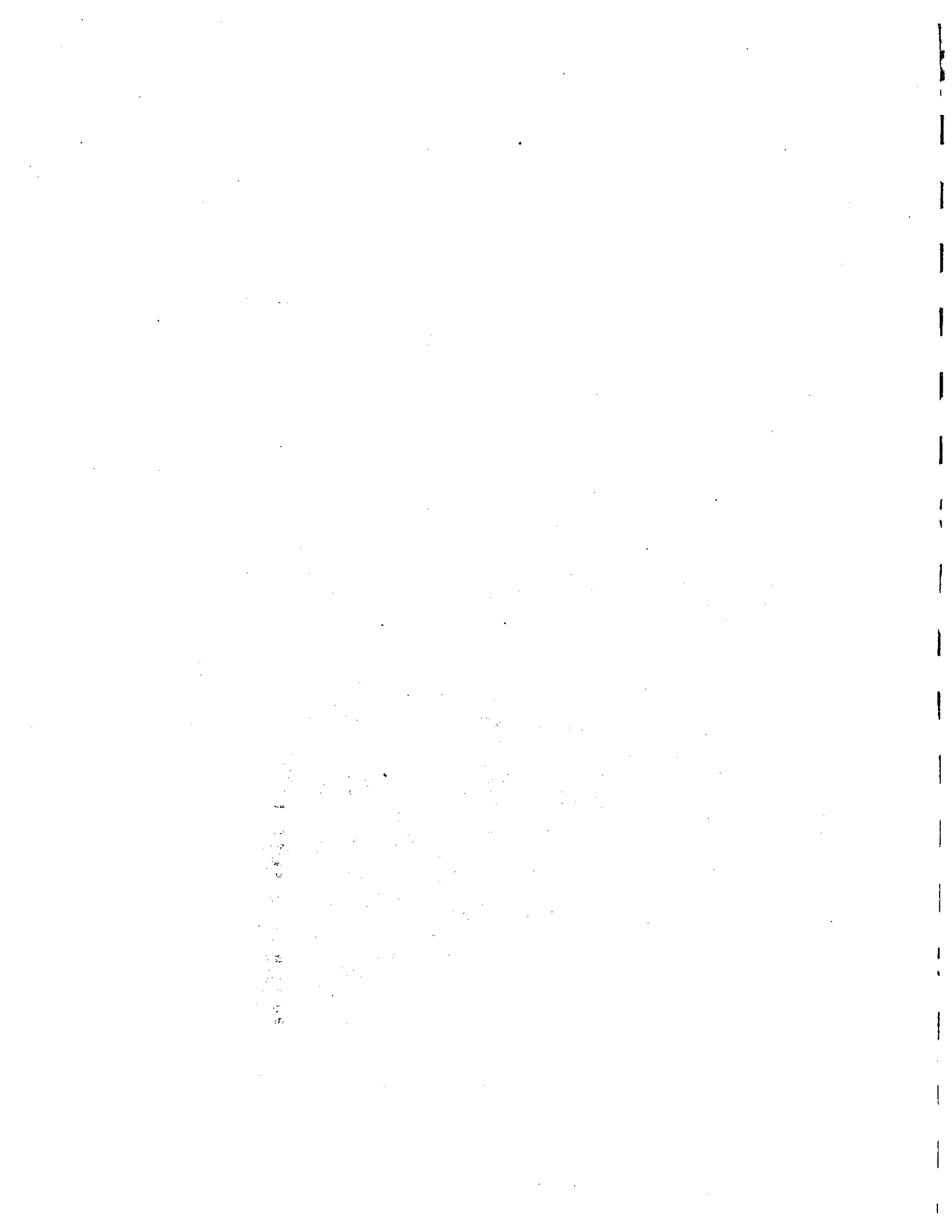


LLB  
4 1/2 ROOM APT.  
2 Bedrooms, 1 Bathroom



APARTMENTS 4E and 4F 3½ Rooms 1 Bedroom





# STATE OF NEW YORK

S. 10592

A. 13168

## SENATE—ASSEMBLY

July 1, 1982

IN SENATE—Introduced by Sens. GOODMAN, GOLD, ACKERMAN, CALANDRA, FLYNN, GAZZARA, LEICHTER, MEGA, PADAVAN—read twice and ordered printed, and when printed to be committed to the Committee on Rules

IN ASSEMBLY—Introduced by COMMITTEE ON RULES—(at request of M. of A. Grannis, Barbaro, Boyland, Branca, Cohen, Daniels, Dugan, Engel, Farrell, Ferris, Freda, Friedson, Goldstein, Gottfried, Green, Hevesi, Hirsch, Jacobs, Koppell, Lipschutz, Lopresto, Marchiselli, Murtaugh, Nadler, Passannante, Sanders, Saminerio, Serrano, Siegel, Smoler, Stavisky, Straniere, E. C. Sullivan, F. M. Sullivan, Viggiano, Weinstein, Weprin)—read once and referred to the Committee on Housing

AN ACT to amend the general business law and the administrative code of the city of New York, in relation to the conversion of residential property to cooperative or condominium ownership in the city of New York and repealing section three hundred fifty-two-~~one~~ of the general business law and paragraph nine of subdivision c of section YY51-6.0 of the administrative code of the city of New York relating thereto

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

- 1 Section 1. Legislative finding. The legislature hereby finds and de-
- 2 clares that the conversion of residential real estate from rental status
- 3 to cooperative or condominium ownership is an effective method of
- 4 preserving, stabilizing and improving neighborhoods and the supply of
- 5 sound housing accommodations; that it is sound public policy to encou-
- 6 rage such conversions while, at the same time, protecting tenants in
- 7 possession who do not desire or who are unable to purchase the units in
- 8 which they reside from being coerced into vacating such units by reason
- 9 of deterioration of services or otherwise or into purchasing such units
- 10 under the threat of imminent eviction; that in the city of New York the
- 11 position of non-purchasing tenants is worsened by a serious public
- 12 emergency characterized by an acute shortage of housing accommodations;
- 13 that in the city of New York the position of non-purchasing tenants who

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

LBD2-39-12-1114

1 are sixty-two years of age or older is particularly precarious by reason  
2 of the limited financial resources of many such persons and the physical  
3 limitations of many such persons; that preventive action by the legisla-  
4 ture in restricting rents and evictions during the process of conversion  
5 from rental to cooperative or condominium status is imperative to assure  
6 that such conversions will not result in unjust, unreasonable and op-  
7 pressive rents and rental agreements affecting non-purchasing tenants  
8 especially those who are sixty-two years of age or older, and other  
9 disruptive practices affecting all tenants during the conversion process  
10 which threaten the public health, safety and general welfare; and that  
11 in order to prevent uncertainty, hardship and dislocation in connection  
12 with the conversion process, the provisions of this act are necessary  
13 and desirable to protect the public health, safety and general welfare.  
14 The necessity in the public interest for the provisions hereinafter  
15 enacted is hereby declared as a matter of legislative determination.

16 § 2. Section three hundred fifty-two-~~eee~~ of the general business law  
17 is REPEALED and a new section three hundred fifty-two-~~eee~~ is added to  
18 read as follows:

19 § 352-~~eee~~. Conversions to cooperative or condominium ownership in the  
20 city of New York. 1. As used in this section, the following words and  
21 terms shall have the following meanings:

22 (a) "Plan". Every offering statement or prospectus submitted to the  
23 department of law pursuant to section three hundred fifty-two-e of this  
24 article for the conversion of a building or group of buildings or  
25 development from residential rental status to cooperative or condominium  
26 ownership or other form of cooperative interest in realty, other than an  
27 offering statement or prospectus for such conversion pursuant to article  
28 two, eight or eleven of the private housing finance law.

29 (b) "Non-eviction plan". A plan which may not be declared effective  
30 until written purchase agreements have been executed and delivered for  
31 at least fifteen percent of all dwelling units in the building or group  
32 of buildings or development by bona fide tenants in occupancy or bona  
33 fide purchasers who represent that they intend that they or one or more  
34 members of their immediate family intend to occupy the unit when it  
35 becomes vacant. As to tenants who were in occupancy on the date a letter  
36 was issued by the attorney general accepting the plan for filing, the  
37 purchase agreement shall be executed and delivered pursuant to an offer-  
38 ing made in good faith without fraud and discriminatory repurchase  
39 agreements or other discriminatory inducements.

40 (c) "Eviction plan". A plan which, pursuant to the provisions of this  
41 section, can result in the eviction of a non-purchasing tenant by reason  
42 of the tenant failing to purchase pursuant thereto, and which may not be  
43 declared effective until at least fifty-one percent of the bona fide  
44 tenants in occupancy of all dwelling units in the building or group of  
45 buildings or development on the date the offering statement or prospec-  
46 tus was accepted for filing by the attorney general (excluding, for the  
47 purposes of determining the number of bona fide tenants in occupancy on  
48 such date, eligible senior citizens and eligible disabled persons) shall  
49 have executed and delivered written agreements to purchase under the  
50 plan pursuant to an offering made in good faith without fraud and with  
51 no discriminatory repurchase agreements or other discriminatory  
52 inducements.

53 (d) "Purchaser under the plan". A person who owns the shares allocated  
54 to a dwelling unit or who owns such dwelling unit itself.



1 (e) "Non-purchasing tenant". A person who has not purchased under the  
2 plan and who is a tenant entitled to possession at the time the plan is  
3 declared effective or a person to whom a dwelling unit is rented subse-  
4 quent to the effective date. A person who sublets a dwelling unit from  
5 a purchaser under the plan shall not be deemed a non-purchasing tenant.

6 (f) "Eligible senior citizens". Non-purchasing tenants who are sixty-  
7 two years of age or older on the date the attorney general has accepted  
8 the plan for filing, and the spouses of any such tenants on such date,  
9 and who have elected, within sixty days of the date the attorney general  
10 has accepted the plan for filing, on forms promulgated by the attorney  
11 general and presented to such tenants by the offeror, to become non-  
12 purchasing tenants under the provisions of this section; provided that  
13 such election shall not preclude any such tenant from subsequently pur-  
14 chasing the dwelling unit on the terms then offered to tenants in  
15 occupancy.

16 (g) "Eligible disabled persons". Non-purchasing tenants who have an  
17 impairment which results from anatomical, physiological or psychological  
18 conditions, other than addiction to alcohol, gambling, or any controlled  
19 substance, which are demonstrable by medically acceptable clinical and  
20 laboratory diagnostic techniques, and which are expected to be permanent  
21 and which prevent the tenant from engaging in any substantial gainful  
22 employment on the date the attorney general has accepted the plan for  
23 filing, and the spouses of any such tenants on such date, and who have  
24 elected, within sixty days of the date the attorney general has accepted  
25 the plan for filing, on forms promulgated by the attorney general and  
26 presented to such tenants by the offeror, to become non-purchasing ten-  
27 ants under the provisions of this section; provided, however, that if  
28 the disability first occurs after acceptance of the plan for filing,  
29 then such election may be made within sixty days following the onset of  
30 such disability unless during the period subsequent to sixty days fol-  
31 lowing the acceptance of the plan for filing but prior to such election,  
32 the offeror accepts a written agreement to purchase the apartment from a  
33 bona fide purchaser; and provided further that such election shall not  
34 preclude any such tenant from subsequently purchasing the dwelling unit  
35 or the shares allocated thereto on the terms then offered to tenants in  
36 occupancy.

37 2. The attorney general shall refuse to issue a letter stating that  
38 the offering statement or prospectus required in subdivision one of sec-  
39 tion three hundred fifty-two of this chapter has been filed whenever  
40 it appears that the offering statement or prospectus offers for sale  
41 residential cooperative apartments or condominium units pursuant to a  
42 plan unless:

43 (a) The plan provides that it will be deemed abandoned, void and of no  
44 effect if it does not become effective within fifteen months from the  
45 date of issue of the letter of the attorney general stating that the of-  
46 fering statement or prospectus has been accepted for filing and, in the  
47 event of such abandonment, no new plan for the conversion of such build-  
48 ing or group of buildings or development shall be submitted to the at-  
49 torney general for at least twelve months after such abandonment.

50 (b) The plan provides either that it is an eviction plan or that it is  
51 a non-eviction plan.

52 (c) The plan provides, if it is a non-eviction plan, as follows:

53 (i) The plan may not be declared effective until written purchase  
54 agreements have been executed and delivered for at least fifteen percent  
55 of all dwelling units in the building or group of buildings or develop-

1 (d) The plan provides, if it is an eviction plan, as follows:  
2 (i) The plan may not be declared effective unless at least fifty-one  
3 percent of the bona fide tenants in occupancy of all dwelling units in  
4 the building or group of buildings or development on the date the offer-  
5 ing statement or prospectus was accepted for filing by the attorney gen-  
6 eral (excluding, for the purposes of determining the number of bona fide  
7 tenants in occupancy on such date, eligible senior citizens and eligible  
8 disabled persons) shall have executed and delivered written agreements  
9 to purchase under the plan pursuant to an offering made in good faith  
10 without fraud and with no discriminatory repurchase agreements or other  
11 discriminatory inducements.  
12 (ii) No eviction proceedings will be commenced against a non-  
13 purchasing tenant for failure to purchase or any other reason applicable  
14 to expiration of tenancy until the later to occur of (1) the date which  
15 is the expiration date provided in such non-purchasing tenant's lease or  
16 rental agreement, and (2) the date which is three years after the date  
17 on which the plan is declared effective. Non-purchasing tenants who  
18 reside in dwelling units subject to government regulation as to rentals  
19 and continued occupancy prior to conversion shall continue to be subject  
20 thereto during the period of occupancy provided in this paragraph.  
21 Thereafter, if a tenant has not purchased, he may be removed by the own-  
22 er of the dwelling unit or the shares allocated to such dwelling unit.  
23 (iii) No eviction proceedings will be commenced, except as hereinafter  
24 provided, at any time against either eligible senior citizens or eligi-  
25 ble disabled persons. The rentals of eligible senior citizens and eligi-  
26 ble disabled persons who reside in dwelling units not subject to govern-  
27 ment regulation as to rentals and continued occupancy and eligible  
28 senior citizens and eligible disabled persons who reside in dwelling  
29 units with respect to which government regulation as to rentals and con-  
30 tinued occupancy is eliminated or becomes inapplicable after the plan  
31 has been accepted for filing shall not be subject to unconscionable in-  
32 creases beyond ordinary rentals for comparable apartments during the  
33 period of their occupancy considering, in determining comparability,  
34 such factors as building services, level of maintenance and operating  
35 expenses; provided that such proceedings may be commenced against such  
36 tenants for non-payment of rent, illegal use or occupancy of the pre-  
37 mises, refusal of reasonable access to the owner or a similar breach by  
38 the tenant of his obligations to the owner of the dwelling unit or the  
39 shares allocated thereto.  
40 (iv) Eligible senior citizens and eligible disabled persons who reside  
41 in dwelling units subject to government regulation as to rentals and  
42 continued occupancy shall continue to be subject thereto.  
43 (v) The rights granted under the plan to eligible senior citizens and  
44 eligible disabled persons may not be abrogated or reduced notwithstand-  
45 ing any expiration of, or amendment to, this section.  
46 (vi) Any offeror who disputes the election by a person to be an eligi-  
47 ble senior citizen or an eligible disabled person must apply to the at-  
48 torney general within thirty days of the receipt of the election forms  
49 for a determination by the attorney general of such person's  
50 eligibility. The attorney general shall, within thirty days thereafter,  
51 issue his determination of eligibility. The foregoing shall, in the ab-  
52 sence of fraud, be the sole method for determining a dispute as to  
53 whether a person is an eligible senior citizen or an eligible disabled  
54 person. The determination of the attorney general shall be reviewable  
55 only through a proceeding under article seventy-eight of the civil prac-

1 tice law and rules, which proceeding must be commenced within thirty  
2 days after such determination by the attorney general becomes final.

3 (vii) After the issuance of the letter from the attorney general stat-  
4 ing that the offering statement or prospectus required in subdivision  
5 one of section three hundred fifty-two-e of this article has been ac-  
6 cepted for filing, the offeror shall, on the thirtieth, sixtieth,  
7 eighty-eighth and ninetieth days after such date and at least once every  
8 thirty days until the plan is declared effective or abandoned, as the  
9 case may be, and on the second day before the expiration of any exclu-  
10 sive purchase period provided in a substantial amendment to the plan  
11 (1) file with the attorney general a written statement, under oath, set-  
12 ting forth the percentage of bona fide tenants in occupancy of all  
13 dwelling units in the building or group of buildings or development on  
14 the date the offering statement or prospectus was accepted for filing by  
15 the attorney general who have executed and delivered written agreements  
16 to purchase under the plan as of the date of such statement, and (2)  
17 before noon on the day such statement is filed post a copy of such  
18 statement in a prominent place accessible to all tenants in each build-  
19 ing covered by the plan.

20 (viii) If the plan is amended before it is declared effective to  
21 provide that it shall be a non-eviction plan, any person who has agreed  
22 to purchase under the plan prior to such amendment shall have a period  
23 of thirty days after receiving written notice of such amendment to  
24 revoke his agreement to purchase under the plan.

25 (ix) The tenants in occupancy on the date the attorney general accepts  
26 the plan for filing shall have the exclusive right to purchase their  
27 dwelling units or the shares allocated thereto for ninety days after the  
28 plan is accepted for filing by the attorney general, during which time a  
29 tenant's dwelling unit shall not be shown to a third party unless he  
30 has, in writing, waived his right to purchase; subsequent to the expira-  
31 tion of such ninety day period, a tenant in occupancy of a dwelling unit  
32 who has not purchased shall be given the exclusive right for an addi-  
33 tional period of six months from said expiration date to purchase said  
34 dwelling unit or the shares allocated thereto on the same terms and con-  
35 ditions as are contained in an executed contract to purchase said dwell-  
36 ing unit or shares entered into by a bona fide purchaser, such exclusive  
37 right to be exercisable within fifteen days from the date of mailing by  
38 registered mail of notice of the execution of a contract of sale  
39 together with a copy of said executed contract to said tenant.

40 (e) The attorney general finds that an excessive number of long-term  
41 vacancies did not exist on the date that the offering statement or  
42 prospectus was first submitted to the department of law. "Long-term  
43 vacancies" shall mean dwelling units not leased or occupied by bona fide  
44 tenants for more than five months prior to the date of such submission  
45 to the department of law. "Excessive" shall mean a vacancy rate in ex-  
46 cess of the greater of (i) ten percent and (ii) a percentage that is  
47 double the normal average vacancy rate for the building or group of bu-  
48 ildings or development for two years prior to the January preceding the  
49 date the offering statement or prospectus was first submitted to the  
50 department of law.

51 (f) The attorney general finds that, following the submission of the  
52 offering statement or prospectus to the department of law, each tenant  
53 in the building or group of buildings or development was provided with a  
54 written notice stating that such offering statement or prospectus has  
55 been submitted to the department of law for filing. Such notice shall

1 be accompanied by a copy of the offering statement or prospectus and a  
2 statement that the statements submitted pursuant to subparagraph (vii)  
3 of paragraph (c) or subparagraph (vii) of paragraph (d) of this subdivi-  
4 sion, whichever is applicable, will be available for inspection and co-  
5 pying at the office of the department of law where the submission was  
6 made and at the office of the offeror or a selling agent of the offeror.  
7 Such notice shall also be accompanied by a statement that tenants or  
8 their representatives may physically inspect the premises at any time  
9 subsequent to the submission of the plan to the department of law, dur-  
10 ing normal business hours, upon written request made by them to the of-  
11 feror, provided such representatives are registered architects or  
12 professional engineers licensed to practice in the state of New York.  
13 Such notice shall be sent to each tenant in occupancy on the date the  
14 plan is first submitted to the department of law.

15 3. All dwelling units occupied by non-purchasing tenants shall be  
16 managed by the same managing agent who manages all other dwelling units  
17 in the building or group of buildings or development. Such managing  
18 agent shall provide to non-purchasing tenants all services and facili-  
19 ties required by law on a non-discriminatory basis. The offeror shall  
20 guarantee the obligation of the managing agent to provide all such ser-  
21 vices and facilities until such time as the offeror surrenders control  
22 to the board of directors or board of managers.

23 4. It shall be unlawful for any person to engage in any course of con-  
24 duct, including, but not limited to, interruption or discontinuance of  
25 essential services, which substantially interferes with or disturbs the  
26 comfort, repose, peace or quiet of any tenant in his use or occupancy of  
27 his dwelling unit or the facilities related thereto. The attorney gen-  
28 eral may apply to a court of competent jurisdiction for an order res-  
29 training such conduct and, if he deems it appropriate, an order res-  
30 training the owner from selling the shares allocated to the dwelling  
31 unit or the dwelling unit itself or from proceeding with the plan of  
32 conversion; provided that nothing contained herein shall be deemed to  
33 preclude the tenant from applying on his own behalf for similar relief.

34 5. Any local legislative body may adopt local laws and any agency, of-  
35 ficer or public body may prescribe rules and regulations with respect to  
36 the continued occupancy by tenants of dwelling units which are subject  
37 to regulation as to rentals and continued occupancy pursuant to law,  
38 provided that in the event that any such local law, rule or regulation  
39 shall be inconsistent with the provisions of this section, the provi-  
40 sions of this section shall control.

41 6. Any provision of a lease or other rental agreement which purports  
42 to waive a tenant's rights under this section or rules and regulations  
43 promulgated pursuant hereto shall be void as contrary to public policy.

44 7. The provisions of this section shall only be applicable in the city  
45 of New York.

46 § 3. Subdivision a of section Y51-6.0 of the administrative code of  
47 the city of New York is amended by adding a new paragraph seven to read  
48 as follows:

49 (7) The eviction is sought by the owner of a dwelling unit or the  
50 shares allocated thereto where such dwelling unit is located in a struc-  
51 ture owned as a cooperative or as a condominium and an offering prospec-  
52 tus for the conversion of such structure pursuant to an eviction plan  
53 shall have been submitted to the attorney general pursuant to section  
54 three hundred fifty-two-eeee of the general business law and accepted  
55 for filing by the attorney general, and been declared effective in ac-

1 accordance with such law, and any right of continued occupancy granted by  
 2 such law to a non-purchasing tenant in occupancy of such dwelling unit  
 3 shall have expired; provided that the owner of the dwelling unit or the  
 4 shares allocated thereto seeks in good faith to recover possession of a  
 5 dwelling unit for his own personal use and occupancy or for the use and  
 6 occupancy of his immediate family.

7 § 4. The opening paragraph of subdivision a of section YY51-3.0 of  
 8 such code, as amended by chapter five hundred seventy-six of the laws of  
 9 nineteen hundred seventy-four, is amended to read as follows:

10 Class A multiple dwellings not owned as a cooperative or as a condom-  
 11 inium, except as provided in section three hundred fifty-two-eee of the  
 12 general business law, containing six or more dwelling units which:

13 § 5. Subdivision c of section YY51-3.0 of such code, as amended by  
 14 local law number thirty-nine of the city of New York for the year  
 15 nineteen hundred eighty-one, is amended to read as follows:

16 c. Buildings or structures, not owned as a cooperative or as a con-  
 17 dominium, except as provided in section three hundred fifty-two-eee of  
 18 the general business law, or housing accommodation in such buildings or  
 19 [structure] structures eligible to receive the benefits of section J51-  
 20 2.5 or section J51-5.0 of the administrative code of the City of New  
 21 York and not subject to the provisions of title Y of this code where the  
 22 owner thereof subjects such buildings and structures to regulation under  
 23 this title YY.

24 § 6. Paragraph nine of subdivision c of section YY51-6.0 of such code  
 25 is REPEALED and two new paragraphs nine and nine-a are added to read as  
 26 follows:

27 (9) provides that an owner shall not refuse to renew a lease except  
 28 where he intends in good faith to demolish the building and has obtained  
 29 a permit therefor from the department of buildings.

30 (9-a) provides that where an owner has submitted to and the attorney  
 31 general has accepted for filing an offering plan to convert the building  
 32 to cooperative or condominium ownership and the owner has presented the  
 33 offering plan to the tenants in occupancy, any renewal or vacancy lease  
 34 may contain a provision that if a building is converted to cooperative  
 35 or condominium ownership pursuant to an eviction plan, as provided in  
 36 section three hundred fifty-two-eee of the general business law, the  
 37 lease may only be cancelled upon the expiration of three years after the  
 38 plan has been declared effective, and upon ninety days notice to the  
 39 tenant that such period has expired or will be expiring.

40 § 7. The real estate industry stabilization association shall submit  
 41 amendments to the code of the real estate industry stabilization associ-  
 42 ation to implement the provisions of sections two, three, four, five,  
 43 and six of this act to the New York city department of housing preserva-  
 44 tion and development within sixty days of the effective date of this  
 45 act, and such department shall amend or promulgate regulations regarding  
 46 the status of apartments subject to the New York City Rent and Rehabili-  
 47 tation Law consistent with the provisions of this act within sixty days  
 48 of the effective date of this act.

49 § 8. Severability. If any clause, sentence, paragraph, section or part  
 50 of this act shall be adjudged by any court of competent jurisdiction to  
 51 be invalid such judgment shall not affect, impair or invalidate the  
 52 remainder thereof, but shall be confined in its operation to the clause,  
 53 sentence, paragraph, section, or part thereof directly involved in the  
 54 controversy in which such judgment shall have been rendered.

1 § 9. Section three hundred fifty-two-cccc of the general business law  
2 as added by this act shall be applicable to every offering statement or  
3 prospectus submitted to the attorney general after the effective date of  
4 this act and to every offering statement or prospectus submitted to the  
5 attorney general but for which a letter of acceptance for filing has not  
6 been issued as of such date.

7 § 10. This act shall take effect immediately; provided, that the  
8 provisions of sections one, two and nine of this act shall remain in  
9 full force and effect only until July first, nineteen hundred eighty-  
10 five; provided further that the provisions of section three of this act  
11 shall remain in full force and effect only so long as the public  
12 emergency requiring the regulation and control of residential rents and  
13 evictions continues as provided in subdivision three of section one of  
14 the local emergency housing rent control act; provided further that the  
15 provisions of sections four, five, six and seven of this act shall ex-  
16 pire in accordance with the provisions of section YY51-8.0 of the admin-  
17 istrative code of the city of New York as such section of the adminis-  
18 trative code is, from time to time, amended; provided further that the  
19 provisions of section YY51-6.0 of the administrative code of the city of  
20 New York, as amended by this act, which the New York City Department of  
21 Housing Preservation and Development must find are contained in the code  
22 of the real estate industry stabilization association of such city in  
23 order to approve it, shall be deemed contained therein as of the effec-  
24 tive date of this act; and provided further that any plan accepted for  
25 filing by the department of law on or before the effective date of this  
26 act shall continue to be governed by the provisions of section three  
27 hundred fifty-two-cccc of the general business law as they had existed  
28 immediately prior to the effective date of this act.

**LOCAL LAWS**  
**OF**  
**THE CITY OF NEW YORK**  
**FOR THE YEAR 1982**

No. 70

Introduced by Council Members Manton, Dryfoos, Eisland, Orlow and Michels, also Council Members Foster, Friedlander, Gerges, Kaufman, Messinger, Pinkett, Ryan, Wallace, Stern, Alter, Leffler and Olmedo.

**A LOCAL LAW**

To amend the administrative code of the city of New York, in relation to the conversion of residential rental housing to cooperative or condominium ownership.

*Be it enacted by the Council as follows:*

Section 1. Legislative declaration. The council finds that the protection of the health, safety and welfare of persons within the city who reside in residential buildings being converted from rental status to cooperative or condominium ownership requires that such persons be informed of the physical condition of such buildings and of any outstanding notices of code violations issued with respect to such buildings. The council further finds that for the health, safety and welfare of residents of the city and for the preservation and improvement of this substantial and increasing form of housing accommodation it is essential that funds be set aside for the purpose of making capital repairs, replacements and improvements to such buildings.

§ 2. Chapter fifty-one of the administrative code of the city of New York is amended by adding a new title YYYY to read as follows:

**TITLE YYYY**

**COOPERATIVE AND CONDOMINIUM CONVERSIONS**

§ YYYY51-1.0 Application. The provisions of this title shall apply to conversions from rental to cooperative or condominium status of a building or a group of buildings or a development for which a plan must be filed with the state department of law pursuant to section three hundred fifty-two-cccc of the general business law.

§ YYYY51-2.0 Definitions.—As used in this title the following words shall mean:

- a. "Building"—any building, group of buildings or development.
- b. "Total price"—

(1) with respect to cooperative conversions, the number of all shares in the offering multiplied by the last price per share which was offered to tenants in occupancy prior to the effective date of the plan regardless of number of sales made.

(2) with respect to condominium conversions, the sum of the cost of all units in the offering at the last price which was offered to tenants in occupancy prior to the effective date of the plan regardless of number of sales made.

c. "Capital replacement"—a building-wide replacement of a major component of any of the following systems

- (1) elevator;
- (2) heating, ventilation and air conditioning;
- (3) plumbing;
- (4) wiring;
- (5) window.

or, a major structural replacement to the building, provided, however, that replacements made to cure code violations of record shall not be included

d. "Offeror"—the offeror, his nominees, assignees and successors in interest

§ YYYY51-3.0 Establishment of reserve fund —a Within thirty days after the closing of a conversion pursuant to an offering plan the offeror shall establish and transfer to the cooperative corporation or condominium board of managers, a reserve fund to be used exclusively for making capital repairs, replacements and improvements necessary for the health and safety of the residents of such buildings. Such reserve fund shall be exclusive of any other funds required to be reserved under the plan or applicable law or regulation of the state attorney general, except a fund for capital repairs, replacements and improvements substantially similar in purpose to and in an amount not less than the reserve fund mandated by this section. Such reserve fund also shall be exclusive of any working capital fund and shall not be subject to reduction for closing apportionments.

b. Such fund shall be established in an amount equal to either (i) three per cent of the total price or, (ii) (A) three per cent of the actual sales price of all cooperative shares or condominium units sold by the offeror at the time the plan is declared effective, provided, however, that if such amount is less than one per cent of the total price, then the fund shall be established as a minimum of one per cent of the total price; plus (B) supplemental contributions to be made by the offeror at a rate of three per cent of the actual sales price of cooperative shares or condominium units for each unit or its allocable shares held by the offeror and sold to bona fide purchasers subsequent to the effective date of the plan and within 5 years of the closing of the conversion pursuant to such plan notwithstanding that the total amount contributed may exceed three per cent of the total price; and provided, further, that if five years from thirty days after the closing of the conversion pursuant to such plan the total contributions by the offeror to the fund are less than three per cent of the total price the offeror shall pay the difference between the amount contributed and three per cent of the total price. Supplemental contributions shall be made within 30 days of each sale

c. The contributions required pursuant to this section may be made earlier or in an amount greater than so provided. An offeror may claim and receive credit against the mandatory initial contribution to the reserve fund for the actual cost of capital replacements which he has begun after the plan is submitted for filing to the state department of law and before the plan is declared effective, provided, however, that any such replacements must be set forth in the plan together with their actual or estimated costs and further provided, that such credit shall not exceed the lesser of the actual cost of the capital replacements or one per cent of the total price.

d. Any building, construction of which was completed within three years prior to the closing of a conversion pursuant to an offering plan, shall be exempt from the requirements of this section



§ YYYYY51-4.0 Report on status of reserve fund.—The cooperative corporation or condominium board of managers shall report to shareholders and unit owners on a semi-annual basis with respect to all deposits into and withdrawals from the reserve fund mandated by section YYYYY51-3.0

§ YYYYY51-5.0 Posting of violations.—The offeror, not later than the thirtieth day following the acceptance of a plan for filing by the state department of law pursuant to section three hundred fifty-two-eeee of the general business law, and until the closing of the conversion pursuant to such plan, shall post and maintain in a prominent place, accessible to all tenants in each building covered by the plan, a listing of all violations of record against such buildings as determined by the department of buildings and the department of housing preservation and development. All newly issued violations shall be posted within forty-eight hours of their issuance and maintained as described above. The offeror may satisfy the requirements of this section by designating an agent on the premises with whom such listing shall be made available for inspection by the tenants.

§ YYYYY51-6.0 Report on condition of premises.—Where, pursuant to law or regulation of the state attorney general, an offeror is required to file a report with the state department of law describing the condition of the physical aspects of the premises to be converted and the surrounding neighborhood a copy of such report shall be submitted simultaneously to the commissioner of buildings.

§ YYYYY51-7.0 No waiver of rights.—Any provision purporting to waive the provisions of this title in any contract to purchase or agreement between an offeror and the cooperative corporation or the condominium board of managers pursuant to a conversion plan shall be void as against public policy.

§ YYYYY51-8.0 Criminal and civil penalties; enforcement.—a. Except as otherwise provided in subdivision b of this section, any person who knowingly violates or assists in the violation of any section of this title shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not less than one hundred nor more than one thousand dollars. Except as otherwise provided in subdivision b of this section, any person who violates or assists in the violation of any section of this title shall be subject to a civil penalty of one hundred dollars per day per unit for each day that a building is not in compliance with the provisions of such sections; provided, however, that such civil penalty shall not exceed one thousand dollars per unit.

b. Any person who knowingly violates or assists in the violation of section YYYYY51-3.0 shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine not more than two times the amount required to be reserved by section YYYYY51-3.0 which was not so reserved. Any person who violates or assists in the violation of section YYYYY51-3.0 shall also be subject to a civil penalty of one thousand dollars per day for each day that the reserve fund required by section YYYYY51-3.0 is not established, provided, however, that such civil penalty shall not exceed the amount required to be reserved pursuant to section YYYYY51-3.0.

c. In addition, any other action or proceeding in any court of competent jurisdiction that may be appropriate or necessary for the enforcement of the provisions of this title may be brought in the name of the city, including actions to secure permanent injunctions enjoining any acts or practices which constitute a violation of any provision of this title, mandating compliance with the provisions of this title or for such other relief as may be appropriate. In any such action or proceeding the city may apply to any court of competent jurisdiction, or to a judge or justice thereof, for a temporary

restraining order or preliminary injunction enjoining and restraining all persons from violating any provision of this title, mandating compliance with the provisions of this title, or for such other relief as may be appropriate, until the hearing and determination of such action or proceeding and the entry of final judgment or order therein. The court, or judge or justice thereof, to whom such application is made, is hereby authorized forthwith to make any or all of the orders above specified, as may be required in such application, with or without notice, and to make such other or further orders or directions as may be necessary to render the same effectual. No undertaking shall be required as a condition of the granting or issuing of such order, or by reason thereof.

d. Nothing contained in this section shall impair any rights, remedies or causes of action accrued or accruing to purchasers of cooperative shares or condominium units.

e. The department of housing preservation and development is empowered to enforce the provisions of this title.

§ 3. If any provision of this local law or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of this local law and the applicability of such provision to any other person or circumstances shall not be affected thereby.

§ 4. This local law shall take effect February first nineteen hundred eighty-three and shall apply to all plans not yet accepted for filing by the state department of law pursuant to section three hundred fifty-two-cccc of the general business law as of that date.

THE CITY OF NEW YORK, OFFICE OF THE CITY CLERK, S. S.

I hereby certify that the foregoing is a true copy of a local law of The City of New York, passed by the Council on October 14, 1982, and approved by the Mayor on October 29, 1982.

DAVID N. DINKINS, City Clerk, Clerk of the Council

CERTIFICATION PURSUANT TO MUNICIPAL HOME RULE LAW SECTION 27

Pursuant to the provisions of Municipal Home Rule Law Section 27, I hereby certify that the enclosed local law (Local Law 70 of 1982, Council Int 1328) contains the correct text and

Received the following vote at the meeting of the New York City Council on October 14, 1982.

35 FOR                      0 AGAINST

Was approved by the Mayor on October 29, 1982.

Was returned to the City Clerk on October 29, 1982.

FREDERICK A. O. SCHWARZ, JR., Corporation Counsel.

