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**GOVERNING & LEGAL ISSUES OF COOPERATIVE  
APARTMENTS IN NEW YORK**

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# **I. NATURE OF APARTMENT CORPORATION**

## **A. GOVERNING LAW**

### **1. NY Business Corporations Law:**

- (a) Most cooperative corporations are organized under NY Business Corporation Law (“BCL”);**
- (b) Commences operations upon filing of certificate of incorporation (BCL §403);**
  - (1) Must be filed with NY State Dept. of State (Id.);**
- (c) After corp. existence commences, corp. must hold organizational meeting to:**
  - (1) Adopt by-laws;**
  - (2) Elect directors;**
  - (3) Transacting other necessary business (BCL §404);**
- (d) Governance of corp. primarily through by-laws;**

### **2. NY Cooperative Corporations Law:**

- (a) Cooperative is defined as “a corporation organized ... for the cooperative rendering of mutual help and service to its members” (Cooperative Corp. Law §3[c]);**
- (b) Cooperatives can be stock corporations or**

**non-stock corporations (Cooperative Corp. Law §3[d]);**

- (c) Owners are known as “members;”**
- (d) Certificate of incorporation must be filed with NY State Dept. of State (Cooperative Corp. Law §15).**

**3. NY General Business Law:**

**(a) General Business Law §352-eee:**

- (1) Applies to cooperatives created in Westchester, Nassau & Rockland Counties;**
- (2) Requires initial offering plan;**
- (3) Sponsor must amend at least once each year until sponsor sells last apartment or discontinues status as sponsor;**
- (4) Sponsor sells apartments in accord with offering plan;**
- (5) Sponsor must turn over control of cooperative within five (5) years of creation of cooperative;**
  - a. Will frequently become “holder of unsold shares;”**
  - b. Retains preferential rights.**

**B. CERTIFICATE OF INCORPORATION**

**1. Certificate of Incorp. Must Include:**

- (a) Name of corp.;**
- (b) Purposes for which corp. is formed;**
- (c) County in which offices are located;**
- (d) Total number of shares authorized;**
- (e) Designation of NY Secretary of State of as agent for service of legal papers;**
- (f) Designation of registered agent for service of legal papers;**
- (g) Any limits of directors' liability (BCL §402); however:**
  - (1) Cannot limit directors' liability for bad faith, intentional misconduct, knowing violations of law or personal gain to which they were otherwise not entitled (BCL §402[b]),**

**2. To Be Enforceable, Certain Right Must Be in Certificate of Incorp.:**

- (a) Cumulative voting (BCL §618);**
- (b) Prohibition against re-issuing shares (BCL §515[d])**
- (c) Limits on shareholders' right to vote at meetings (BCL §613);**

- (d) Where election of directors shall be by a vote other than the plurality of shares cast (BCL §614);**
- (e) Where a quorum to take action at a meeting of shareholders exceeds a majority of outstanding shares (BCL §616);**
- (f) Where a quorum of directors is greater than a majority (BCL §707).**

### **C. BY-LAWS**

- 1. Must Be Adopted at Organizational Meeting (BCL §404):**
  - (a) Thereafter, may be amended by vote of directors (BCL §601[a]);**
  - (b) By-laws may provide that amendments must be approved by shareholders (Id.);**
- 2. By-laws Must Provide for:**
  - (a) Calling of annual & special meetings of shareholders (BCL §602);;**
  - (b) The means and manner of the calling of such shareholder meetings (Id.);**
  - (c) What constitutes a quorum for action (BCL §608);**
  - (d) Qualifications for directors (BCL §701);**
  - (e) The number of directors (BCL §702);**

- (f) Staggered terms for directors (BCL §704);**
- (g) Removal of directors without cause (BCL §706):**
  - (1) May only be by vote of shareholders;**
- (h) Creation of committees (BCL §712).**

### **III. THE BOARD OF DIRECTORS**

#### **A. ELECTION**

- 1. Responsibility of Board:**
  - (a) Business of Corporation to be managed under direction of Board of Directors (Business Corporation Law §701)**
  - (b) Must be at least 18 years old (Id.).**
- 2. Directors elected at annual meeting of shareholders (BCL §703[a]).**
- 3. Unless Otherwise in Cert. of Incorp. or By-Laws, Number of Directors is 1 (BCL §702[a]);**
  - (a) Cannot reduce term of incumbent director by reducing number of directors (BCL §702[b][2]).**

#### **B. TERM OF OFFICE**

- 1. Generally, Directors are Elected to Serve Until Next Annual Meeting, i.e. 1 year term (BCL §703[a]):**
- 2. Directors Serve Until:**
  - (a) Term expires; and**
  - (b) Successor is qualified (BCL §703[b]).**
- 3. Exception:**
  - (a) Cert. of Incorpor. or by-laws may allow up to 4 classes of directors:**
    - (1) Classes will serve until second, third & fourth annual meeting;**
    - (2) Number of classes determines length of term of office (BCL §704[b]);**
  - (b) Number of directors in each class shall generally be equal (BCL §703[a], [c]).**

## **C. MINUTES OF MEETINGS**

- 1. Minutes Must be Kept of All Meetings:**
  - (a) Applies to meetings of the Board, Committees or Shareholder meetings (BCL §624[a]);**
  - (b) Must be in NY State (Id.);**
  - (c) Must be in writing or capable of being produced in written form (Id.).**

**2. It Is Important to Keep Good Minutes of Board Meetings!**

- (a) Policies adopted should be in minutes;**
- (b) Proof of Board actions/decisions should be in minutes;**
- (c) Approvals of sales & sublets should be in minutes.**

**D. FIDUCIARY DUTY**

**1. Directors shall perform their duties “in good faith and with that degree of care which an ordinarily prudent person would use in like circumstances (BCL §717[a]):**

- (a) Applies to services on Board and any committees;**
- (b) Is entitled to rely on opinions, information & statements by officers, employees, attorneys & accountants (Id.).**

**2. Fiduciary Duty Includes:**

- (a) Duty of care;**
- (b) Duty of loyalty.**

**3. Examples of Fiduciary Duty Cases:**

- (a) Termination of proprietary lease of disruptive tenant for “objectionable conduct” was exercise of fiduciary duty (40**



**West 67th Street Corp. v. Pullman, 100 N.Y.2d 147, 760 N.Y.S.2d 745 [2003]);**

- (b) Denial of interracial couple sublet was breach of fiduciary duty to shareholder (Biondi v. Beekman Hill House Apartment Corp., 94 N.Y.2d 659, 709 N.Y.S.2d 861 [2000]);**
- (c) Denial of permission to sublet was not breach of fiduciary duty (Rosenberg v. Riverwood Owners, Inc., 304 A.D.2d 547 , 756 N.Y.S.2d 900 [2d Dep't. 2003]);**
- (d) Board's delay, then denial of apartment sale did not breach fiduciary duty, but one director's attempt to condition approval on settlement of seller's claim against him was breach of duty (Kravtsov v. Thwaites Terrace House Owners Corp., 267 A.D.2d 154, 700 N.Y.S.2d 177 [1 st Dep't. 1999]);**
- (e) Unequal treatment of stockholder which was not in furtherance of corporate purposes violates fiduciary duty to shareholder (Board induced purchasers to render themselves financially unable to close on apartment)(Aronson v. Crane, 145 A.D.2d 455, 535 N.Y.S.2d 417 [2d Dep't. 1988]).**

## **E. BUSINESS JUDGMENT RULE**

- 1. Prohibits Judicial Inquiry into Actions of Corporate Directors Taken:**

- (a) In good faith;**
- (b) In the exercise of honest judgment;**
- (c) In lawful & legitimate furtherance of corporate purposes (Levandusky v. One Fifth Avenue Apartment Corp., 75 N.Y.2d 730, 554 N.Y.S.2d 807 [1990]).**

**2. Applies to Cooperatives & Condominiums**

- (a) “a little democratic sub society of necessity;”**
- (b) Applies even if decision “was unwise or inexpedient” (Levandusky, supra).**

**3. Exceptions to Business Judgment Rule:**

- (a) Decision bears no legitimate relationship to welfare of corp.;**
- (b) Decision deliberately singles out individuals for harmful treatment;**
- (c) Decision taken without notice or consideration of relevant facts;**
- (d) Decision is beyond scope of Board’s authority;**
- (e) Self-dealing by directors (Levandusky, supra).**

**4. Cases Involving Business Judgment Rule:**

- (a) Denial of request to relocate plumbing riser was protected by business judgment rule**

**(Levandusky, supra);**

- (b) Cooperative's use of re-purchase of shares provision in occupancy agreement for shareholder in arrears did not violate business judgment rule (Jones v. Surrey Cooperative Apartments, Inc., 263 A.D.2d 33, 700 N.Y.S.2d 119 [ Dep't. 1999]);**
- (c) Board's reliance on Special Litigation Committee report to defeat derivative action was upheld under business judgment rule even though target of action recommended committee members to board and knew him socially (Lichtenberg v. Zinn, 260 A.D.2d 741, 687 N.Y.S.2d 817 [3d Dep't. 1999]);**
- (d) Business judgment rule is not a defense in action where Board's consent to sublet "cannot be unreasonably withheld" (Stowe v. 19 East 88th Street, Inc., 257 A.D.2d 355, 683 N.Y.S.2d 60 [1st Dep't. 1999]);**
- (e) Corporation's decision to withhold issuance of stock certificates in individual's name until late charges were paid in full was protected by business judgment rule (Allen v. Murray House Owners Corp., 174 A.D.2d 400, 571 N.Y.S.2d 698 [1st Dep't. 1991]).**

## **F. ANNUAL BUDGET**

- 1. Possibly the Most Important Power of Board:**
  - (a) Authority found in par. 1 of Proprietary Lease:**

- (1) Power to establish “cash requirements;”**
  - (2) Must pay for repairs, alterations, improvements to property, to fund prior deficits or to establish or enhance reserve fund;**
- (b) Duties found in par. 2 & 18 of Proprietary Lease:**
- (1) “Lessor shall at its expense keep in good repair all of the building including all of the apartments, the sidewalks and courts and equipment” (Par. 2);**
  - (2) Lessee must keep interior of apartment (walls, floors, ceilings) in good repair (Par. 18[a]);**
    - a. Excludes windows, window frames, window panes, sashes, sills, entrance & terrace doors, frames & saddles (Id);**
  - (3) Lessee shall maintain, repair & replace plumbing, gas & heating fixtures & equipment ... as may be in the apartment;**
  - (4) “Plumbing, gas & heating fixtures ... shall include:**
    - a. Exposed gas, steam & water pipes attached to fixtures, appliances & equipment;**

- b. The fixtures, appliances & equipment to which they are attached;**
- c. Any special pipes & equipment which Lessee may install within the wall or ceiling, or under the floor;**
- d. BUT SHALL NOT INCLUDE gas, steam, water or other pipes or conduits within the walls, ceilings or floors;**

**OR air conditioning or heating equipment which is part of the standard building equipment (Par. 18[a]);**

## **G. MAINTENANCE & ASSESSMENTS**

### **1. Funds for Annual Budget May be Raised By:**

#### **(a) Maintenance (rent):**

- (1) General payment each month to cover costs to operate cooperative;**

#### **(b) Assessment:**

- (1) Generally, for a specific purpose such as fuel costs (higher than expected), enhance reserves, fund specific capital improvements, etc.**

**2. Maintenance or Assessments Must Be Equal Per Share.**

**3. Other Income:**

**(a) Laundry room or rooftop lease;**

**(b) Storage fees;**

**(c) Flip taxes imposed on sellers;**

**(d) Interest on cash balances;**

**(e) Other user fees.**

## **H. EMPLOYEE & UNION ISSUES**

**1. Most Cooperatives Have Unionized Staff.**

**2. Covers Non-Managerial Employees:**

**(a) Superintendent, porters (cleaners), doormen, handymen (slightly skilled);**

**(b) Rights & responsibilities covered by “Collective Bargaining Agreement”**

**(1) Parties are cooperative & union;**

**(2) Limits what employees must do;**

**(3) Limits what employer can do;**

**(4) Proscribes terms & conditions of employment;**

**(5) Provides format for dispute**

**resolution;**

- (6) Requires bargaining with union for any changes to terms & conditions.**

**3. Rights Under Federal & NY State Law:**

- (a) Terms & conditions of employment continue after agreement expires;**
- (b) Must negotiate in good faith for successor agreement;**
- (c) In event of violations, US or NY State government may prosecute employer for violations.**

**4. Terms Cooperative Should Seek in Agreement:**

- (a) Management Rights Clause:**
  - (1) Allows employer to assign tasks as necessary;**
  - (2) Workers must generally perform work, then file grievance later;**
- (b) Staff reduction clause:**
  - (1) Generally applies only when changes render certain work unnecessary;**
- (c) Joint selection of arbitrator;**
- (d) Ability to terminate staff housing.**

**VII. ENFORCEMENT OF HOUSE RULES & PROPRIETARY LEASE**

## **C. COURT ACTIONS**

### **1. Types of Actions & Proceedings:**

- (a) Civil action;**
- (b) Special proceeding.**

### **2. Civil Actions:**

- (a) Generally brought in Supreme Court;**
- (b) Initiated by party seeking to enforce House Rules and/or Proprietary Lease;**
- (c) Generally have three (3) stages:**

#### **(1) Pleading stage:**

- a. Plaintiff serves summons & complaint;**
- b. Defendant serves answer & possibly counterclaim (to assert claims against plaintiff) or cross-claim (to assert claims against other defendants);**
- c. Plaintiff serves reply to counterclaim (if one is made);**

#### **(2) Discovery stage:**

- a. Parties serve document demands, demands for bills of particulars or interrogatories;**
- b. Other parties respond;**



- c. Parties take depositions;**
- d. Parties make summary judgment (judgment without trial) motions;**

**(3) Trial stage.**

**3. Relief Available in Civil Action:**

- (a) Money damages;**
- (b) Injunction (court order preventing someone from taking particular actions);**
- (c) Declaratory judgment (court decision which decides the rights & responsibilities of the parties);**
- (d) Attorneys fees are available to the prevailing party only if:**
  - (1) The lease allows attorneys fees;**
  - (2) The party “substantially” prevails on its main claims;**
  - (3) Courts have the right to determine what a reasonable attorneys fee is.**

**4. Types of Injunctions:**

- (a) Temporary restraining order (“TRO”):**
  - (1) Prevents certain actions until a specified event occurs, generally a date or decision;**

**(2) Are intended to be short term until a future court appearance;**

**(3) Are intended to preserve the status quo;**

**(b) Preliminary injunction:**

**(1) Usually prevents a party from taking a certain action until Court decides the action;**

**(2) Are generally issued only after significant Court involvement;**

**(3) Generally, the party seeking injunction must post a bond to cover costs to other party if other party prevails in action or proceeding;**

**(4) Cannot award final relief on the merits (Uniformed Firefighters Association of Greater New York v. City of New York, 79 N.Y.2d 236, 239, 581 N.Y.S.2d 734, 735 [1992]);**

**(c) Final injunction:**

**(1) Prevents a party from taking certain actions or doing certain things;**

**(2) Issued after a trial or summary judgment motion is granted;**

**(3) Usually are permanent in duration;**

**(4) Awards final relief on the merits.**

**5. Advantages of Civil Actions:**

- (a) Will get defendants' attention!;**
- (b) Wide spectrum of relief available to plaintiff.**

**6. Disadvantages of Civil Actions:**

- (a) High cost;**
- (b) Unpredictable nature of litigation;**
- (c) Court system unsympathetic to problems.**

**E. LEASE TERMINATION & EVICTION**

**1. Description of Process:**

- (a) Preparation & service of notice;**
- (b) Commencement of special proceeding;**
- (c) Motion on merits or trial.**

**2. Predicate Notices:**

- (a) Purpose of Predicate Notice is to State with particularity the defaults by tenant under lease (Filmtrucks, Inc. V. Express Industries & Terminal Corp., 127 A.D.2d 509 [1<sup>st</sup> Dep't. 1987]).**
- (b) Content of predicate notice:**

- (1) Notice must specify the paragraph of the lease which the Landlord alleges is violated (One Main, LLC v. Le K Restaurant Corp., 1 A.D.3d 365 (2d Dep't. 2003));**
- (2) Notice must specify the amount of rent due and the period for which it is due (Kuloc v. Riddim Co., LLC, 185 Misc.2d 195 [Civil Court, NY Co. 2000]);**
- (3) Predicate notice must be "sufficiently adequate to permit Tenant to frame a defense (Rascoff/Zysblatt Organization, Inc. v. Directors Guild of America, Inc., 297 A.D.2d 241 [1<sup>st</sup> Dep't. 2002]; McGoldrick v. DeCruz, 195 Misc.2d 414 [Appellate Term, 1<sup>st</sup> Dep't. 2003]);**

**(c) Consequences of defective notices:**

- (1) Defects in predicate notice may not be remedied by amendment or supplementation after proceeding is commenced (200 West 58<sup>th</sup> St., LLC v. Little Egypt Corp., 7 Misc.3d 1017 [Civil Court, NY Co. 2005]).**

**(d) Service of Pleadings:**

- (1) Service of Predicate Notice Should Generally Comply with Lease Provisions (Rower v. West Chamson Corp., 210 A.D.2d 7 [1<sup>st</sup> Dep't. 1994]);**
- (2) Failure to Serve, or Improper Service**

**of, Predicate Notice is Jurisdictional and Vitiates Proceeding (2215-75 Cruger Apartments, Inc. v. Stovel, 196 Misc.2d 396 [Appellate Term, 1<sup>st</sup> Dep't. 2003]).**

**3. Pleadings:**

**(a) Petition must contain:**

- (1) Interest of person commencing proceeding;**
- (2) Interest of person occupying premises;**
- (3) Relationship of occupant and person commencing proceeding;**
- (4) Description of premises from which removal is sought;**
- (5) The facts leading up to the dispute;**
- (6) Relief sought in proceeding (Real Property Actions & Proceedings Law §741);**
- (7) Failure to allege how the predicate notices were served or to attach affidavit of service renders petition defective (Sears v. Okin, 6 Misc.3d 127A, 800 N.Y.S.2d 357 [App. Term, 2d Dep't. 2004]);**

**(b) Service of notice of petition & petition:**

- (1) Failure to serve notice of petition &**

**petition in accord with RPAPL §735  
renders proceeding void;**

**(2) Service must be by any of the  
following:**

- a. Personal delivery to tenant;**
- b. Delivery to person of suitable  
age & discretion PLUS certified  
& first class mail to premises  
sought to be recovered;**
- c. After reasonable application,  
posting on or sliding under front  
door PLUS certified & first class  
mail to premises sought to be  
recovered (RPAPL §735).**

**4. Advantages of Special Proceeding:**

- (a) More expedited;**
- (b) Less costly.**

**5. Disadvantages of Special Proceeding:**

- (a) Limited relief available;**
- (b) Procedurally fraught with traps;**
- (c) Unwillingness of some Courts to inflict  
“death penalty” on recalcitrant tenants.**

## **F. RESOLUTION OF SHAREHOLDER DISPUTES**

- 1. Informal Attempts to Resolve Disputes:**
  - (a) Informal meetings;**
  - (b) Formal meetings;**
  - (c) Mediation;**
  - (d) Arbitration.**
  
- 2. To Succeed, Participants Must Believe Process is Fair.**
  
- 3. Informal Meetings:**
  - (a) Invite each party to dispute to meet with committee of Board;**
  - (b) Each addresses committee in the presence of all others;**
  - (c) Each discusses dispute with committee privately;**
  - (d) Attempt by committee to locate common ground;**
  - (e) All parties reconvene with committee to discuss problem & resolutions;**
  - (f) Compliance with agreed resolution monitored.**
  
- 4. Formal Meetings:**
  - (a) Similar to above, but meetings occur with entire Board;**
  - (b) Board determines resolution & advises all**

**parties accordingly;**

**(c) Board monitors compliance.**

**5. Mediation & Arbitration:**

**(a) Through recognized agencies (AAA, Courts, etc.);**

**(b) Major differences:**

**(1) Mediation is less formal, optional for parties and attempts to elicit agreement on solutions;**

**(2) Arbitration are formal, decisions are rendered, possibly no attempt to structure agreement, result is binding with no practical appeal.**

**(c) My preference: informal procedure; if people are belligerent, litigate.**

**IX. PROCEDURE TO SELL OR PURCHASE APARTMENT**

**A. ISSUES FOR SELLERS**

**1. “Approvability” of Purchaser**

**(a) Creditworthiness;**

**(b) Assets;**

**(c) Qualifications for lenders.**



**2. Timing of Closing:**

- (a) How fast can they close?**
- (b) Will I have enough time to move?**

**B. ISSUES FOR PURCHASERS**

- 1. How Much Financing Does Corp. Allow?**
- 2. Does Corp. Allow Pets?**
- 3. What Renovations Do I Want to Do?**
- 4. What Amenities Does Corp. Have?**

**C. CONTRACT OF SALE**

- 1. Must Contain All Material Terms of Contract**
  - (a) Names of Parties;**
  - (b) Apartment & address;**
  - (c) Price.**
- 2. Should Disclose Information Needed by Buyer & Lender:**
  - (a) Number of shares;**
  - (b) Monthly maintenance;**
  - (c) Whether there is a flip tax & who pays it;**

- (d) Names of all future residents;**
- (e) Whether buyer will have financing;**
- (f) Amount of buyer's deposit;**
- (g) Projected dates for loan and closing.**

**3. Important Terms of Form Contract:**

- (a) Whether brokers were used in sale:**
  - (1) Indemnification against any person who misrepresents use of broker;**
- (b) Personal property included & excluded;**
- (c) Seller's representations:**
  - (1) Seller is owner;**
  - (2) Apt. free from competing interests;**
  - (3) No default under proprietary lease;**
  - (4) All money will be paid to Corp.;**
  - (5) No knowledge or notice of:**
    - a. Increase in maintenance;**
    - b. Assessment being considered;**
  - (6) No municipal violations;**
  - (7) No alterations without Board approval;**
  - (8) No other occupancy agreements;**

**(9) Not known by other names;**

**(d) Buyer's representations:**

**(1) Buying for residential occupancy;**

**(2) Only those persons identified in contract will reside in apartment;**

**(3) Has examined and was satisfied with Corporate documents (cert. of incorp., by-laws, house rules, financial statements, etc.;**

**(e) Purchaser will in good faith:**

**(1) Apply to Corp. within 10 business days of fully signed contract;**

**(2) Submit application & "such other documents as Corp. reasonably requires;"**

**a. Exception: loan commitment, which will be submitted within 5 business days of receipt;**

**(3) Attend "one or more personal interviews;"**

**(4) "Promptly submit" such other data or references as Corp. reasonably requires;**

**(f) If buyer denied for any reason other than buyer's bad faith, contract is deemed canceled:**

- (1) Either party may cancel if buyer denied;**
  - (2) Absent bad faith, buyer's deposit is returned;**
- (g) Apartment is purchased "as is;"**
- (h) Stock & lease to be delivered at closing;**
- (i) Remedies for defaults:**
  - (1) No limit on seller's remedies if buyer breaches;**
  - (2) Buyer is entitled to legal & equitable remedies, including specific performance;**
- (j) No other agreements beside contract;**
- (k) If seller cannot close absent willful acts or omissions, need only return deposit and pay buyer's title costs;**
- (l) Buyer may cancel contract if:**
  - (1) Buyer cannot obtain financing;**
  - (2) Lender & Corp. cannot agree on recognition agreement;**
- (m) Buyer must submit truthful, accurate information to lender.**

#### **D. APPLICATION TO APARTMENT CORPORATION**

- 1. Buyer Must Submit Application Form & All Reasonably Requested Documents:**
  - (a) Tax Returns;**
  - (b) References;**
  - (c) Income confirmation.**
- 2. Information Must be Submitted on All Residents;**
  - (a) Possible exception: children under 18.**
- 3. Don't Be Argumentative During Process!**
- 4. Corp. Will Run Credit/Background Check.**

## **E. FINANCING THE PURCHASE**

- 1. Must Apply to Lender:**
  - (a) Application;**
  - (b) 2 years tax returns;**
  - (c) Offering Plan & Amendments;**
  - (d) 2 years Corp. audited financial statements;**
  - (e) Other, follow-up documents.**
- 2. Lender Will Issue Loan Commitment:**
  - (a) Buyer must sign and return with loan fees specified in letter;**
  - (b) Buyer must comply with any conditions;**

- (c) Buyer must sign recognition agreement with lender & Corp.**

## **F. BOARD APPROVAL PROCESS**

- 1. Personal Interview with All Prospective Residents:**
  - (a) Sometimes children must attend;**
  - (b) Sometimes pets must attend;**
  - (c) May require follow-up documents or second interview.**
- 2. Should be Respectful of Board or Committee Conducting Interview.**
- 3. Major Subjects of Interview:**
  - (a) Finances;**
  - (b) Credit/employment issues;**
  - (c) Rules & regulations of community living;**
  - (d) Procedures used by Corp.;**
  - (e) Planned renovations to apartment.**

## **G. LIMITS ON BOARD'S AUTHORITY**

- 1. Types of Limits:**
  - (a) Under proprietary lease:**
    - (1) Most common: "for any reason or for**

**no reason;”**

**(2) Rarely: “consent shall not be unreasonably withheld;”**

**(b) Under the law:**

**(1) Cannot discriminate based upon applicant’s race, sex, religion, handicap, national origin, sexual preference, gender identity, arrest records, etc.**

## **H. THE CLOSING**

**1. Generally Occurs at Corp. Transfer Agent Office.**

**2. Seller Must**

**(a) Produce Stock & Lease:**

**(1) Held by lender if any loan is involved;**

**(2) Must make arrangements for old lender to attend closing;**

**(b) Pay off any loans on apartment.**

**3. Buyer Must**

**(a) Produce balance of purchase price;**

**(b) Satisfy any conditions of lender or Corp.**