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**MEMORANDUM**

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TO: REF Attorneys, Paralegals &amp; Law Students

DATE: 9/30/93

FROM: Mary Sabatini DiStephan *MSD*

RE: Changing from coop to condo

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We have received many phone calls concerning what, if any, requirements are imposed by the Department of Law pursuant to the Martin Act when a coop converts to a condominium. This suggests to me that a memo is appropriate.

Generally, such a decision is an internal one made by the shareholders and often occurs in work-out situations. There are no filing requirements with this office when such change is contemplated or effectuated except that the sponsor or its successor, if it engages in sales to the public, must amend the plan to disclose after the fact what has happened. This includes, inter alia, disclosure concerning the change in legal entity, copies of all the documents necessary for the establishment of the condominium (the declaration, by-laws, power of attorney, floor plans), the new budget, a schedule for percentages of common interest and real estate tax payments, and the form of condominium deed. Part 20 should be followed for disclosure and back-up document requirements.

The sponsor, however, cannot be the moving or deciding force precipitating this change unless 100% of the shareholders consent to the change.

The major problem to be faced in accomplishing this conversion, in addition to satisfying any underlying mortgage of the cooperative, is dealing with all the shareholders' lenders who must consent. This makes such conversion difficult and almost impossible in very large buildings.

Please see me if you have any questions.

MSD/add