

P.L. 1997, CHAPTER 366, *approved January 19, 1998*
Senate, No. 271 (*Fourth Reprint*)

1 AN ACT concerning the rental of certain ²[condominium] cooperative²
2 ¹[and cooperative]¹ units and supplementing chapter 8 of Title 46
3 of the Revised Statutes.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

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8 1. a. The Legislature finds and declares that it is in the public
9 interest of the citizens of this State that the availability of rental
10 housing be encouraged. Therefore restrictions imposed by certain
11 ²[condominium association bylaws] cooperative agreements² ¹[or
12 cooperative agreements]¹ which unreasonably inhibit or prevent ²[the
13 owner of a condominium unit] the holder of a proprietary lease to a
14 cooperative unit² ¹[or the holder of a proprietary lease to a
15 cooperative unit]¹ from making the unit available for rental shall be
16 contrary to the public policy of the State of New Jersey and shall be
17 unenforceable.

18 b. Subsection a. of this ³[act] section³ shall not apply to: ³[(1)]³
19 any ²[condominium] cooperative² ¹[or cooperative]¹ in which
20 requirements limiting occupancy to ²[unit owners] holders of
21 proprietary leases to units² ¹[or holders of proprietary leases to units]¹
22 were established at the time that the ²[condominium] cooperative² ¹[or
23 cooperative]¹ was created, and which requirements were emphasized
24 in the offering document as an absolute condition of ownership, and
25 have been consistently and strictly enforced since that time ³[, or (2)
26 any unit subject to resale controls or repurchase requirements intended
27 to preserve affordability of the unit to persons of low and moderate
28 income, as defined in the "Fair Housing Act," P.L.1985, c.222
29 (C.52:27D-301 et seq.)] ,or which requirements were established upon
30 the transfer of control of the association board from the developer to

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate floor amendments adopted March 18, 1996.

² Senate floor amendments adopted May 16, 1996.

³ Assembly AHO committee amendments adopted May 1, 1997.

⁴ Assembly floor amendments adopted January 12, 1998.

1 the holders of proprietary leases to units through properly amended
2 bylaws which have been consistently and strictly enforced since the
3 time of amendment³ .

4 c. Notwithstanding any provision of law to the contrary, in those
5 ²[condominiums] cooperatives² ¹[and cooperatives]¹ which meet the
6 criteria of ³[either paragraph 1 or 2 of]³ subsection b. and in which
7 more than ten units are under one roof, when a unit is offered for sale
8 at or below a sales price such that a sale will result in a return of any
9 investment only, and the unit nevertheless remains unsold for four or
10 more months, then the owner shall have the right ³. subject to the
11 conditions in subsection d. of this section.³ to rent the unit for such a
12 period of time until prevailing market conditions permit a sale which
13 will allow recoupment of the investment in the unit. For the purposes
14 of this subsection, investment shall include the purchase price, costs
15 related to the acquisition of the property, and the costs of any
16 improvements made to the property.

17 d. Nothing in this ³[subsection] act³ shall prohibit [~~an~~ ³] a
18 cooperative³ association from ³adopting reasonable rules necessary to
19 protect the health, safety or interest of all of the owners. ⁴including
20 rules based on lending policies of financial institutions pertaining to
21 owner-occupancy ratios⁴ or from³ requiring a ³reasonable³ minimum
22 term of leasehold ³[of not less than 180 days]³, nor shall such
23 associations be prohibited from requiring that all tenants comply with
24 the properly adopted rules of the association which are applicable to
25 other unit owners, including, but not limited to, rules relating to such
26 matters as parking, pets, noise, and the number of permitted occupants
27 per unit. ³A cooperative association which elects to screen tenants
28 shall interview prospective tenants within seven days of the date of the
29 submission of the tenant's name to the association.³

30 Nothing in this ³[subsection] act³ shall grant a tenant any additional
31 rights or protected status under the laws applicable to eviction from
32 rental premises.

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34 2. This act shall take effect immediately.

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39 Prohibits bylaws of certain cooperative associations from containing
40 clauses unreasonably prohibiting rental.