STATE OF NEW YORK DEPARTMENT OF LAW

REAL ESTATE FINANCE BUREAU

M E M O R A N D U M

Re: Affordable Housing Plan Disclosures **Date: January 5, 2012**

Introduction:

The Department of Law has determined that offering plans involving the offer and sale of income restricted affordable housing units or shares must include a detailed discussion of the salient points that are unique to such offerings. The following sets forth the specific disclosure requirements that should be included in all cooperative and condominium offering plans involving the offer and sale of income restricted affordable housing units or shares.

Special Risks:

The Special Risks section of the offering plan must include a discussion of the following points:

1. A detailed description of any regulatory agreements and/or enforcement mortgages that may impact both an individual purchaser as well as the cooperative or condominium. This description should include, at a minimum, the following information:

a) Income restrictions by Area Median Income ("AMI"). AMI should be a defined term and included in the definition section of the offering plan;

b) Subletting restrictions, if any;

c) Resale restrictions, including a description of the enforcement mechanism and the duration of said restrictions;

d) Primary residency requirements, including the criteria used to determine such. Primary Residency should be a defined term and included in the definition section of Part I of the offering plan;

e) Any impact of non-compliance with regulatory agreements and/or enforcement mortgages on shareholders or unit owners and the entire cooperative or condominium; and

f) Any specially allocated common expenses as required by N.Y. Real Prop. Law § 339-m.

2. Any specific eligibility criteria for a purchaser as required by a lender or municipality (e.g., mobility impairments, municipal employees).

3. Any specific sponsor control provisions as required by a lender or municipality.

4. Any pre-sale requirements as required by a lender or municipality as a prerequisite for declaring the plan effective (e.g., 75% of the units must be in contract).

Procedure to Purchase:

The Procedure to Purchase section of the offering plan must include a discussion of the following points:

1. Sweat equity requirements, if any. Sweat Equity should be a defined term and included in the definition section of the offering plan.

2. Pre-purchasing counseling or training requirements, if any, and the costs associated therewith.