

majority of the occupied rental units in a rental housing project.

(Pub. L. 96-399, title VI, § 604, Oct. 8, 1980, 94 Stat. 1673.)

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in title 12 sections 1441a, 1831q.

§ 3604. Exemptions

The provisions of this chapter shall not apply to—

(1) a cooperative or condominium unit sold or offered for sale by the Federal Government, by any State or local government, by any corporate instrumentality of the United States, or by any agency thereof;

(2) a cooperative or condominium project in which all units are restricted to nonresidential purposes or uses; or

(3) any lease or portion thereof—

(A) which establishes any leasehold or other estate or interest in, over or under land on or in which one or more residential condominium or cooperative units are located, the termination of which will terminate the condominium or cooperative project, or reduce the number of units in such project, or

(B) which establishes a leasehold interest in, or other rights to use, possess, or gain access to, a condominium or cooperative unit.

(Pub. L. 96-399, title VI, § 605, Oct. 8, 1980, 94 Stat. 1675.)

§ 3605. Notice of conversion and opportunity to purchase; responsibility of State and local governments

It is the sense of the Congress that, when multifamily rental housing projects are converted to condominium or cooperative use, tenants in those projects are entitled to adequate notice of the pending conversion and to receive the first opportunity to purchase units in the converted projects and that State and local governments which have not already provided for such notice and opportunity for purchase should move toward that end. The Congress believes it is the responsibility of State and local governments to provide for such notice and opportunity to purchase in a prompt manner. The Congress has decided not to intervene and therefore leaves this responsibility to State and local governments to be carried out.

(Pub. L. 96-399, title VI, § 606, Oct. 8, 1980, 94 Stat. 1676.)

§ 3606. Federal Housing Administration mortgage or loan insurance; expedition of application process and decision

Where an application for mortgage or loan insurance in connection with a conversion or purchase of a rental housing project being undertaken by a tenants' organization is submitted, the Secretary of Housing and Urban Development shall expedite the processing of the application in every way and shall make a final decision on such application at the earliest practicable time.

(Pub. L. 96-399, title VI, § 607, Oct. 8, 1980, 94 Stat. 1676.)

§ 3607. Termination of self-dealing contracts

(a) Operation, maintenance, and management contracts; penalty

Any contract or portion thereof which is entered into after October 8, 1980, and which—

(1) provides for operation, maintenance, or management of a condominium or cooperative association in a conversion project, or of property serving the condominium or cooperative unit owners in such project;

(2) is between such unit owners or such association and the developer or an affiliate of the developer;

(3) was entered into while such association was controlled by the developer through special developer control or because the developer held a majority of the votes in such association; and

(4) is for a period of more than three years, including any automatic renewal provisions which are exercisable at the sole option of the developer or an affiliate of the developer,

may be terminated without penalty by such unit owners or such association.

(b) Time of termination

Any termination under this section may occur only during the two-year period beginning on the date on which—

(1) special developer control over the association is terminated; or

(2) the developer owns 25 per centum or less of the units in the conversion project,

whichever occurs first.

(c) Vote of owners of units

A termination under this section shall be by a vote of owners of not less than two-thirds of the units other than the units owned by the developer or an affiliate of the developer.

(d) Effective date of termination

Following the unit owners' vote, the termination shall be effective ninety days after hand delivering notice or mailing notice by prepaid United States mail to the parties to the contract.

(Pub. L. 96-399, title VI, § 608, Oct. 8, 1980, 94 Stat. 1676.)

CODIFICATION

In subsec. (a), "October 8, 1980" was substituted for "the effective date of this title". See Effective Date note set out under section 3601 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 3609, 3611 of this title.

§ 3608. Judicial determinations respecting unconscionable leases

(a) Lease characteristics; authorization by unit owners; conditions precedent to action

Cooperative and condominium unit owners through the unit owners' association may bring an action seeking a judicial determination that a lease or leases, or portions thereof, were un-