



MEMORANDUM

TO: ALL REVIEW ATTORNEYS

DATE:
December 19, 1984

FROM: JEAN E. GALLANCY

RE: CONDOMINIUM AND COOPERATIVE ABUSE
RELIEF ACT OF 1980, 15 USC 3601 et. seq.

Section 608 of the Condominium and Cooperative Abuse Relief Act allows unit owners to terminate contracts which:

1. Provide 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.

Termination of such contracts may only occur during a 2 year period after developer control is terminated or the developer owns 25 percent or less of the units. Two thirds of units other than units owned by the developer must vote to effectuate such termination.

Plans containing such contracts must contain disclosure of the right of the unit owners to terminate this type of contract. The plan should include a discussion of the two year period within which unit owners must act if they wish to terminate a contract pursuant to this statute.