

**MINUTES OF COMMISSION MEETING**  
**July 22, 1999**

Present at the meeting of the New Jersey Law Revision Commission held at 15 Washington Street, Newark, New Jersey were Commissioners Albert Burstein, Hugo Pfaltz, Jr., and Peter Buchsbaum. Grace Bertone and Professor Robert Carter attended on behalf of Commissioners Rayman Solomon and Patrick Hobbs, respectively.

Minutes

The Commission accepted the Minutes of June 24, 1999.

Uniform Common Interest Ownership Act

John Cannel stated that the bill covering common interest ownership property had been held in the Assembly and a substitute bill will probably be produced this fall.

The Commission considered the following provisions of the draft Act:

105a(2). Recording security interest in a cooperative property. Cooperative ownership of a unit is represented by owning shares in the cooperative. The question arises as to how a lender may perfect its security interest in the unit. The perfection of shares is governed by UCC Article 8 and Article 9. Generally a creditor perfects either by possession or by control via a third party agreement. However, a co-op apartment is understood as real property, not as shares in a corporation.

The Commission considered whether a security interesting shares of a corporation should be treated as personalty and perfected by filing a financial statement under Article 9 or by possession or both, or whether the shares should be treated like real property and perfected by recording a mortgage. The Commission decided that the latter alternative best fit the conventional understanding of cooperative ownership as real property ownership. The Commission asked staff to redraft 105a(2) to reflect this decision.

108. Unenforceable terms in declarations, bylaws. The Commission asked staff to revise the comment to clarify difference between conveyance and contract and to identify the rebuttable presumptions referred to in N.J.S. 46:8B-31, -32 and -36.

The Commission also directed staff to prohibit rights of first refusal on behalf of sponsor.

202 and 203. Required contents of declaration and bylaws. The Commission asked staff to clarify distinction between the master deed and bylaws.

209. Transfers of unit ownership and use. The Commission asked staff to cross-reference prohibition on right of first refusal, and to check state anti-discrimination law and federal law governing sales of mortgages on the secondary market.

214. Relocation of unit boundaries. In 214a, Commission asked staff to replace word "units" with word "boundaries." In 214b, Commission asked staff to replace "the relocation must" with "amendment must be." Commission also found that 214 and 204 should be merged.

217. Easement rights. Commission directed staff to delete word "including" in 217b. Professor Carter also suggested moving 217 to a position near 206-208.

#### New Projects

The Commission approved the following new projects: (1) completion of code of criminal procedure, (2) property law code, (3) disability terms, (4) games of chance. Commission also asked staff to recommend a limited project on revising the statute of limitations.

#### Digital and Electronic Signature

Ms. Garde reported on bills pending in Congress concerning e-commerce transactions. She identified problems of over breadth and impact on state law. Ms. Garde stated that she would prepare a letter stating the Commission's opposition to these bills.

#### Miscellaneous

The next meeting of the Commission will be held September 16, 1999.