

VERSION #4 - Dandillaya Amendments (11/4/19)

1 NOTE: Unchanged text is in plain Arial font.
2 Additions to Regulations are in single-underline plain Arial font.

3 **Section 6.10 Operating and Maintenance Expenses**

4 (Subsection (a) amended effective February 28, 1989; Subsections (b), (c) and
5 (d) amended February 21, 1989; Subsections (e) and (g) amended February 28,
6 1989; Subsection (f) renumbered February 28, 1989; Subsections (a) and (b)
7 amended and Subsection (h) added May 24, 1994; Subsection (i) added January
8 31, 1995; amended March 14, 1995; repealed and adopted April 25, 1995,
9 effective February 1, 1995; entire Section renumbered and/or amended in its
10 entirety effective June 6, 1995; Section 6.10(b)(5) amended effective
11 June 20, 1995; entire Section renumbered and/or amended in its entirety effective
12 June 18, 1996; Subsection(e) amended effective March 19, 2002; entire Section
13 renumbered and/or amended in its entirety effective September 11, 2018;
14 Subsection (e)(4) added [date]

15 Except in extraordinary circumstances, the following guidelines shall apply to increases
16 based upon Operating and Maintenance Expenses:

17 * * * *

18 **(4) Evidence of Reasonable Reliance.**

19 (A) For the purpose of establishing reasonable reliance as referenced in
20 subsections 6.10(e)(1)(B) and 6.10(e)(2)(B), a landlord must demonstrate through documentary
21 evidence that it relied on the ability to file an Operating and Maintenance Expense petition based
22 on increased debt service and/or property taxes at the time of purchase, and that such reliance
23 was informed by actual knowledge and receipt of the prior owner's Operating and Maintenance
24 Expenses in Year 1. Absent such contemporaneous documentary evidence, the landlord may
25 demonstrate reasonable reliance only by showing that it intended to file an Operating and
26 Maintenance Expense petition at the time of purchase and due to extraordinary circumstances, a
27 rent increase for Operating and Maintenance Expenses based on increased debt service and/or
28 property taxes is necessary to relieve the landlord from financial hardship.

(B) Notwithstanding the provisions of (4)(A), the landlord's failure to file
the Operating and Maintenance Expense petition within three years of the date of its purchase of

the property shall raise a rebuttable presumption that the landlord did not reasonably rely on the ability to pass through the increase in debt service and/or property taxes to the tenants at the time of purchase.

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