



Policy Statement 90-9 (March 16, 1990)

***Late Registration And Failure To Register:
Its Effect On MCI Applications***

All buildings and apartments subject to rent stabilization are required to be registered both initially, in 1984, and each year thereafter. A Major Capital Improvement (MCI) increase will not be granted for a building which is not registered in accordance with the Rent Stabilization Code. MCI increases are not collectible in or for any period of non-registration.

This policy statement delineates the procedure DHCR will follow when processing an MCI application when the owner has failed to register or has registered a building late. Section 2528.4 of the Code states the following:

"The failure to properly and timely comply with the initial or annual rent registration as required by this Part shall, until such time as such registration is completed, bar an owner from applying for or collecting any rent in excess of:

- A) if no initial registration has taken place, the legal regulated rent in effect on the date that the housing accommodation became subject to the registration requirements of this Part; or
- B) the legal regulated rent in effect on April first of the year for which an annual registration was required to be filed, or such other date of that year as may be determined by the DHCR pursuant to section 2528.3 of this Part (Annual Registration Requirements).

The late filing of a registration shall result in the elimination, prospectively of such penalty."

During processing of an MCI application, if it is found that DHCR records do not reflect initial or subsequent registration of an entire building or an apartment(s) then a notice will be sent to the owner advising that failure to register is grounds for dismissal of the application. The owner will then have twenty (20) days to submit proof of registration or, in the case of apartments, provide acceptable explanation as to why the apartment(s) are not required to be registered.

If the owner does not submit proof of timely registration or reasons for non-registration then the following procedures will apply:

*This document is being reissued for informational purposes only.
The original document which contains signatures of authorization is on file at DHCR's Office of Rent Administration.*



Building-Wide

Initial Registration

If there has been no initial registration of the entire building, an MCI application will be dismissed even if subsequent annual registrations were filed.

Annual Registration

If an owner submits an MCI application during a period for which an annual registration was not filed, DHCR will dismiss the application.

Individual Apartment(s)

Initial Registration

If an initial registration was not filed for a particular apartment(s), an MCI application filed subsequent to the date when the initial registration should have occurred, will be dismissed as to such apartment(s). However, the rooms included in the(se) apartment(s) will still be used in the determination of the allowable MCI rent increase.

Annual Registration

If an owner submits an MCI application during a period for which no annual registration was filed for an apartment(s), DHCR will dismiss the application in part for that particular apartment(s). If the building was partially registered, the room count for the entire building will still be used to determine the allowable MCI rent increase except where an apartment is not required to be registered.

Building-Wide /Apartment(s)

Subsequent Registration

If an owner has initially registered and files an MCI application during a period when he or she is properly registered, but subsequently fails to file an annual registration, then the retroactive portion of the increase is not collectible for the period of non-registration. As stated in the Code, late registrations result in the prospective elimination of such penalties.

If an owner's MCI application is dismissed due to a failure to register, such application may be resubmitted after the building has been properly registered initially and annually, provided that it is not barred by the two year statute of limitations.

Elliot G. Sander
Deputy Commissioner
for Rent Administration