

ASSEMBLY, No. 1923

STATE OF NEW JERSEY

INTRODUCED MAY 6, 1996

By Assemblyman COHEN and Assemblywoman FRISCIA

1 **AN ACT** concerning home improvement contractors and warranties
2 and supplementing Title 46 of the Revised Statutes.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. This act shall be known and may be cited as the "Home
8 Improvement Contractors' Registration and Warranty Act."

9

10 2. As used in this act:

11 "Commissioner" means the Commissioner of Community Affairs or
12 the commissioner's designee.

13 "Department" means the Department of Community Affairs.

14 "Fund" means the Home Improvement Warranty Security Fund
15 established pursuant to section 9 of this act.

16 "Home improvement" means the remodeling, altering, repairing,
17 modernizing, modifying, converting, improving, constructing, adding
18 to, subtracting from, moving, wrecking, or demolishing of residential
19 property and the making of additions thereto, including, but not
20 limited to, the construction, installation, replacement, improvement,
21 or repair of driveways, sidewalks, swimming pools, terraces, patios,
22 fences, porches, decks, windows, doors, cabinets, kitchens,
23 bathrooms, garages, basements, fire protection devices, alarm systems,
24 central heating and air conditioning equipment, water heaters and
25 purifiers, solar heating or water systems, aluminum and vinyl siding,
26 wall-to-wall carpeting, or attached or inlaid floor coverings, carpentry,
27 cesspool and septic tanks, masonry, roofing, and other improvements,
28 changes or repairs to structures or upon land which is part of a
29 residential property. Home improvement shall also include basement
30 waterproofing, insulation installation, and the conversion of existing
31 commercial structures into residential property, but shall not include
32 the construction of a new residence.

33 "Home improvement contract" or "contract" means an agreement
34 between a home improvement contractor and an owner for the
35 performance of a home improvement costing \$500 or more. The
36 contract shall be in writing and shall include, but not be limited to, a
37 concise description of the home improvement to be performed and all

1 labor, services, and materials to be rendered and furnished by the
2 contractor.

3 "Home improvement contractor" or "contractor" means an
4 individual, corporation, partnership, association, or other legal entity
5 which offers to perform or performs, either directly or through others,
6 home improvements. The term shall not include:

7 (1) any person required to register pursuant to "The New Home
8 Warranty and Builders' Registration Act," P.L.1977, c.467 (C.46:3B-1
9 et seq.), provided that person does not offer to perform or perform
10 home improvements;

11 (2) any person performing a home improvement upon a residential
12 property he owns, or that is owned by a member of his family, a
13 charity, or other non-profit corporation;

14 (3) any person licensed under the provisions of section 16 of
15 P.L.1960, c.41 (C.17:16C-77); or

16 (4) any person regulated by the State as an architect, professional
17 engineer, landscape architect, land surveyor, electrical contractor,
18 master plumber, or any other person in any other related profession
19 requiring registration, certification, or licensure by the State, who is
20 acting within the scope of his profession.

21 "Owner" means the person who owns the residential property and
22 contracts with a contractor to perform a home improvement on that
23 property, and his successors in title.

24 "Residential property" means that portion of any owner-occupied
25 dwelling unit, planned real estate development, or cooperative and all
26 structures appurtenant thereto, and any portion of the lot or site on
27 which the structure is situated that is devoted to the residential use of
28 the structure.

29 "Warranty" means a warranty prescribed by the commissioner as
30 part of the warranty program established pursuant to section 7 of this
31 act.

32 "Warranty date" means the date when the home improvement is
33 completed and paid-in-full.

34

35 3. a. No home improvement contractor shall offer to perform
36 home improvements or shall engage in the business of performing
37 home improvements unless registered with the Department of
38 Community Affairs in accordance with the provisions of this act.

39 b. Every home improvement contractor doing business in the State
40 shall biennially register with the commissioner. Application for
41 registration shall be on a form provided by the department and shall be
42 accompanied by a reasonable fee, set by the commissioner in an
43 amount sufficient to defray the department's costs of registering home
44 improvement contractors; provided, however, that the initial
45 registration fee assessed under the provisions of this act shall not
46 exceed \$200. Every applicant shall provide the following information:

1 (1) if an individual, the applicant's name and business address;
2 (2) if a partnership, the names and addresses of the general
3 partners;
4 (3) if a joint venture, the names and addresses of all parties to the
5 venture;
6 (4) if a corporation, the names and addresses of all officers;
7 (5) evidence of liability insurance and worker's compensation
8 insurance in an amount determined by the commissioner, except if the
9 home improvement contractor qualifies as a self-insurer under Title 34
10 of the Revised Statutes or if he is precluded from purchasing worker's
11 compensation under chapter 15 of Title 34 of the Revised Statutes;
12 (6) disclosure of any recorded and unsatisfied judgments against
13 the home improvement contractor; and
14 (7) such other information regarding the applicant and his home
15 improvement business as the commissioner may deem appropriate.

16 c. In addition to the requirements set forth in subsection b. of this
17 section, every applicant for registration, or an officer or partner of the
18 firm applying for registration in the case of a partnership, joint
19 venture, or corporation, shall submit to the commissioner an affidavit,
20 sworn before a notary public, that:

21 (1) the applicant, officer, or partner, as the case may be, has read
22 and understands the provisions of this act; and
23 (2) the applicant, officer, or partner, as the case may be, has read
24 and understands the rules and regulations governing the practices of
25 home improvement contractors promulgated by the Director of the
26 Division of Consumer Affairs in the Department of Law and Public
27 Safety under the authority of section 4 of P.L.1960, c.39 (C.56:8-4).

28 d. In addition to the requirements set forth in subsections b. and c.
29 of this section, every applicant, officer, or partner, as the case may be,
30 who, in accordance with the provisions of section 9 of this act, is
31 required to participate in the Home Improvement Warranty Security
32 Fund, shall, after the establishment of that fund, and in a manner
33 prescribed by the commissioner, furnish proof of his participation in
34 the fund or in an alternate home improvement warranty security
35 program approved by the commissioner.

36 e. A person registered as a new home builder under the provisions
37 of "The New Home Warranty and Builders' Registration Act,"
38 P.L.1977, c.467 (C.46:3B-1 et seq.) who offers to perform or
39 performs home improvements shall register in accordance with the
40 provisions of this act, but shall not be assessed any fee for his biennial
41 registration as a home improvement contractor so long as he holds a
42 valid certificate of registration as a new home builder.

43

44 4. The commissioner shall issue a certificate of registration to each
45 applicant who qualifies under this act. Each certificate shall have a
46 registration number. A home improvement contractor shall

1 conspicuously display his registration number wherever his company
2 or business name is displayed. Upon the request of any customer or
3 construction official, a home improvement contractor shall display his
4 certificate of registration.

5

6 5. a. Every home improvement contract, and all changes in the
7 terms and conditions of the contract, shall be in writing. The contract
8 shall be signed by all the parties thereto, and shall clearly and
9 accurately set forth in legible form and in understandable language all
10 terms and conditions of the contract, including, but not limited to:

11 (1) The legal name, business address, and registration number of
12 the home improvement contractor;

13 (2) A description of the work to be completed by the home
14 improvement contractor and the identification of the principal products
15 and materials to be used or installed in the performance of the home
16 improvement. Where specific representations are made that certain
17 types of products or materials will be used, or the owner has specified
18 that certain types of products are to be used, a description of those
19 products or materials shall be clearly set forth in the contract;

20 (3) The total price or other consideration to be paid by the owner,
21 including all finance charges. If the contract is for labor and materials,
22 the hourly rate for labor and any other terms and conditions of the
23 contract affecting the price shall be clearly stated;

24 (4) The dates on or time period within which the work is to begin
25 and be completed by the home improvement contractor;

26 (5) A description of any mortgage or security interest to be taken
27 in connection with the financing or sale of the home improvement;

28 (6) A statement setting forth any guarantee or warranty with
29 respect to any products, materials, labor or services made by either the
30 manufacturer of those products or materials or by the home
31 improvement contractor; and

32 (7) If the home improvement requires a construction permit
33 pursuant to the "State Uniform Construction Code Act," P.L.1975,
34 c.217 (C.52:270-119 et seq.), a statement, provided by the
35 commissioner, summarizing the "Home Improvement Warranty
36 Security Fund" program.

37 b. In addition to the requirements set forth in subsection a. of this
38 section, every written home improvement contract shall contain a
39 conspicuous notice printed in 10-point bold-faced type as follows:

1 "NOTICE TO CONSUMER
23 YOU ARE ENTITLED TO A COPY OF THIS
4 CONTRACT WHEN YOU SIGN IT. KEEP IT TO PROTECT
5 YOUR RIGHTS.

6

7 HOME IMPROVEMENT CONTRACTORS ARE
8 REQUIRED BY LAW TO BE REGISTERED WITH THE
9 NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS.
10 IF YOU HAVE ANY QUESTIONS CONCERNING A
11 CONTRACTOR, YOU MAY CALL (insert telephone number)."

12

13 6. A home improvement contract may be cancelled by the owner
14 for any reason at any time before midnight of the third business day
15 after the owner receives a copy of it. In order to cancel a contract the
16 owner shall notify the home improvement contractor of the
17 cancellation in writing, by registered or certified mail, return receipt
18 requested, or by personal delivery, to the address specified in the
19 contract. All moneys paid pursuant to the cancelled contract shall be
20 fully refunded within 30 days of receipt of the notice of cancellation.
21 If the owner has executed any credit or loan agreement through the
22 home improvement contractor to pay all or part of the contract, the
23 agreement or note shall be cancelled without penalty to the owner and
24 written notice of that cancellation shall be mailed to the owner within
25 30 days of receipt of the notice of cancellation. The contract shall
26 contain a conspicuous notice printed in at least 10-point bold-faced
27 type as follows:

28

29 "NOTICE TO CONSUMER
3031 YOU MAY CANCEL THIS CONTRACT AT ANY TIME
32 BEFORE MIDNIGHT OF THE THIRD BUSINESS DAY
33 AFTER RECEIVING A COPY OF THIS CONTRACT. IF
34 YOU WISH TO CANCEL THIS CONTRACT, YOU MUST
35 EITHER:36 1. SEND A SIGNED AND DATED WRITTEN NOTICE
37 OF CANCELLATION BY REGISTERED OR CERTIFIED
38 MAIL, RETURN RECEIPT REQUESTED; OR39 2. PERSONALLY DELIVER A SIGNED AND DATED
40 WRITTEN NOTICE OF CANCELLATION TO:

41 (Name of Home Improvement Contractor)

42 (Address of Home Improvement Contractor)

43

44 If you cancel this contract within the three-day period, you
45 are entitled to a full refund of your money. Refunds must be

1 made within 30 days of the contractor's receipt of the cancellation
2 notice."

3

4 7. a. The commissioner, after consultation with representatives
5 from the National Association of the Remodeling Industry and the
6 New Jersey Builders Association, shall promulgate rules and
7 regulations establishing a home improvement warranty program. The
8 warranty program shall include standards for home improvements and
9 for the quality of the elements and components of home improvements
10 with guidelines, where appropriate, of what degree of noncompliance
11 with those standards shall constitute a defect. The commissioner, after
12 consultation with representatives from the National Association of the
13 Remodeling Industry and the New Jersey Builders Association, shall
14 also promulgate rules and regulations establishing procedures for the
15 processing of claims against the "Home Improvement Warranty
16 Security Fund" established pursuant to section 9 of this act. Only
17 claims involving home improvements for which a construction permit
18 is required pursuant to the "State Uniform Construction Code Act,"
19 P.L.1975, c.217 (C.52:27D-119 et seq.) shall be covered by and be
20 eligible for award payments from the fund. The rules and regulations
21 shall be adopted, and may be amended or repealed, in accordance with
22 the provisions of the "Administrative Procedure Act," P.L.1968. c.410
23 (C.52:14B-1 et seq.); except that a public hearing shall be required
24 prior to the adoption, amendment, or repeal of any rule or regulation.

25 b. The time periods for the warranties established pursuant to this
26 act are:

27 (1) One year from and after the warranty date, the home
28 improvement shall be free from defects caused by faulty workmanship
29 or defective materials due to noncompliance with the standards
30 established by the commissioner;

31 (2) Two years from and after the warranty date, the home
32 improvement shall be free from defects caused by faulty installation of
33 plumbing, electrical, heating and cooling delivery systems; except that
34 in the case of an appliance, no warranty shall exceed the length and
35 scope of the warranty offered by the manufacturer of that appliance;
36 and

37 (3) Five years from and after the warranty date for major
38 construction defects.

39 Notwithstanding the provisions of this subsection, an alternative
40 program submitted for approval pursuant to section 10 of this act may
41 contain warranties and time periods which are more inclusive and of
42 greater duration than those set forth in paragraphs (1), (2), and (3) of
43 this subsection.

44

45 8. During the applicable term of a home improvement warranty, the
46 contractor shall be liable to the owner for any defect covered under the

1 terms and conditions of that warranty. The liability of a home
2 improvement contractor under this section shall not exceed the total
3 cost of the home improvement, as set forth in the contract between the
4 owner and the contractor.

5

6 9. a. There is established a nonlapsing, revolving fund, to be
7 known as the "Home Improvement Warranty Security Fund" to be
8 maintained by the State Treasurer and administered by the
9 commissioner. The purpose of the fund is to provide moneys
10 sufficient to pay claims by owners against home improvement
11 contractors participating in the fund for defects in home improvements
12 for which a construction permit is required pursuant to the "State
13 Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et
14 seq.).

15 b. On or after the first day of the 13th month immediately
16 following the issuance of the first certificates of registration pursuant
17 to section 4 of this act, the commissioner shall establish the amounts
18 payable to the fund by home improvement contractors who perform or
19 offer to perform home improvements for which a construction permit
20 is required pursuant to the "State Uniform Construction Code Act,"
21 P.L.1975, c.217 (C.52:27D-119 et seq.) and the times those amounts
22 shall be payable. The commissioner may, from time to time and as the
23 experience of the fund may require, change the amounts payable by
24 participating home improvement contractors.

25 A home improvement contractor who does not perform or offer to
26 perform home improvements for which a construction permit is
27 required pursuant to the "State Uniform Construction Code Act,"
28 P.L.1975, c.217 (C.52:27D-119 et seq.) shall not be required to pay
29 any moneys into the fund.

30 The amount so established by the commissioner, together with any
31 other amounts that may accrue as interest or which otherwise may be
32 made available or credited to the fund, shall be sufficient to cover the
33 costs of anticipated claims, educate the public concerning the
34 protections provided through the department for persons who contract
35 for home improvements, provide a reasonable reserve, and defray the
36 costs of administering the fund. The amounts paid by participating
37 home improvement contractors shall be forwarded to the State
38 Treasurer and shall be accounted for and credited by him to the fund.

39 c. Prior to making a claim against the fund for a defect covered by
40 the warranty, the owner shall notify the home improvement contractor
41 of the defect. If the contractor fails to remedy the defect within a
42 reasonable time period, as the commissioner shall by rule and
43 regulation prescribe, the owner may file a claim against the fund in the
44 form and manner prescribed by the commissioner.

45 The commissioner shall review each claim to determine its validity.

46 In the case of a valid claim, the commissioner shall:

1 (1) Hold a hearing in accordance with the provisions of the
2 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.)
3 applicable to contested cases, if requested by either party;

4 (2) Submit the claim to a conciliation procedure, established by the
5 commissioner pursuant to rule and regulation;

6 (3) Submit the claim to an arbitration procedure, established by the
7 commissioner pursuant to rule and regulation, if conciliation fails and
8 the owner so requests; or

9 (4) Render a decision on the claim.

10 The commissioner may assess reasonable hearing fees against the
11 unsuccessful party.

12 Either party may, in accordance with the provisions of the
13 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
14 seq.), appeal a decision rendered by the commissioner.

15 If a home improvement contractor is unable or unwilling to remedy
16 any defect or incompletion identified in any conciliation, arbitration,
17 or commissioner's decision, an award shall be paid to the owner from
18 the fund. The amount of the award shall be sufficient to cover the
19 reasonable costs of remedying the defect or incompletion, but shall not
20 exceed the total cost of the home improvement set forth in the
21 contract. The award shall be paid to the owner by the State Treasurer
22 upon certification by the commissioner.

23 In the case of a home improvement contractor who is unable or
24 unwilling to remedy a defect or incompletion, the commissioner may,
25 as empowered under the provisions of section 11 of this act, proceed
26 to deny, suspend, or revoke that home improvement contractor's
27 certificate of registration and, if appropriate, file a report thereon with
28 the Attorney General.

29 d. If, at any time, the moneys available in the fund are insufficient
30 to satisfy any outstanding awards and any anticipated awards for the
31 succeeding year:

32 (1) The commissioner may, after public hearing and upon
33 reasonable notice:

34 (a) schedule award payments and establish a maximum amount that
35 may be paid on any one claim; or

36 (b) require the participating home improvement contractors to pay
37 an additional amount into the fund.

38 (2) The commissioner may also provide for:

39 (a) The assessment of surcharges against participating home
40 improvement contractors who are responsible for awards against the
41 fund;

42 (b) The initiation of an action in a court of competent jurisdiction
43 for the reimbursement of awards paid from the fund by a home
44 improvement contractor who was unable or unwilling to remedy a
45 defect or incompletion; and

46 (c) The termination, after notice and hearing, of participation in the

1 fund of a home improvement contractor who is responsible for a
2 disproportionate number of awards paid from the fund.

3 e. The State shall have no obligation to contribute or otherwise
4 make available to the fund any moneys from the General Fund and the
5 State shall have no liability to any person having a claim against the
6 fund, but which may be unpayable due to an insufficiency of moneys
7 available therein.

8

9 10. The commissioner may approve an alternative home
10 improvement warranty security program that provides for payments of
11 claims against participating home improvement contractors for defects
12 subject to warranty and that is sufficiently funded to adequately cover
13 the claims that may be reasonably anticipated to be filed against the
14 participating contractors. The coverage afforded under an alternate
15 program shall be at least equivalent to that offered under the fund.

16 Any person seeking approval of an alternate home improvement
17 warranty security program shall apply to the commissioner. The
18 application shall be in a manner and form and contain such information
19 as the commissioner may prescribe. An application fee, sufficient to
20 cover the costs incurred by the department in reviewing such
21 applications, shall be established by the commissioner. The
22 commissioner shall review each application and may conduct such
23 investigations as he deems necessary. The commissioner may, and if
24 an applicant so requests, shall, hold a hearing on an application.

25 If the commissioner determines that the proposed alternate home
26 improvement warranty security program provides coverage equivalent
27 to that afforded under the fund and is adequately funded, he shall
28 approve the alternate program.

29 A home improvement contractor who participates in an approved
30 alternate home improvement warranty security program shall not be
31 required to participate in the "Home Improvement Warranty Security
32 Fund" established under the provisions of section 9 of this act or to
33 pay any amounts into that fund.

34 From time to time, the commissioner shall review each approved
35 alternate home improvement warranty security program. If, in the
36 course of his review, the commissioner shall determine that the
37 program no longer provides equivalent coverage or is insufficiently
38 funded, he may, after notice and hearing, revoke or suspend approval
39 of the alternate program and require the affected contractors to
40 participate in the fund.

41

42 11. a. The commissioner, upon the complaint of an aggrieved
43 person, may conduct investigations into the allegations made against
44 any home improvement contractor required to be registered under the
45 provisions of this act. In pursuit of his investigations, the
46 commissioner is authorized to hold hearings, in accordance with the

1 provisions of the "Administrative Procedure Act," P.L.1968, c.410
2 (C.52:14B-1 et seq.) applicable to contested cases; to subpoena
3 witnesses and compel their attendance; to require the production of
4 papers, records, or documents; to administer oaths or affirmations to
5 witnesses; to inspect such relevant books, papers, records, or
6 documents of the home improvement contractor at that contractor's
7 place of business during normal business hours; and to conduct
8 inspections of the home improvement work performed. The
9 commissioner may assess reasonable hearing fees against the
10 unsuccessful party.

11 b. The commissioner may deny, suspend, or revoke any certificate
12 of registration, subject to affording the registrant or applicant the
13 opportunity for a hearing and appeals therefrom in accordance with the
14 provisions of the "Administrative Procedure Act," P.L.1968, c.410
15 (C.52:14B-1 et seq.) applicable to contested cases, if the registrant or
16 applicant has:

17 (1) Willfully made a misstatement of a material fact in an
18 application for registration or re-registration;

19 (2) Conducted a home improvement business in any name other
20 than the one for which the contractor holds a certificate of
21 registration;

22 (3) Practiced the occupation of home improvement contracting in
23 manner that violates the rules and regulations governing the practices
24 of home improvement contractors promulgated by the Director of the
25 Division of Consumer Affairs in the Department of Law and Public
26 Safety under the authority of section 4 of P.L.1960, c.39 (C.56:8-4);

27 (4) Knowingly violated any applicable building code provisions to
28 a substantial degree;

29 (5) Failed to comply with any provisions of this act or the rules
30 adopted pursuant thereto, after due notice from the commissioner, sent
31 by certified mail;

32 (6) Abandoned or failed to perform, without justification, any
33 home improvement contract;

34 (7) Willfully deviated from, or disregarded, contract specifications
35 without the written consent of the owner; or

36 (8) Failed, after the establishment of the home improvement
37 warrant security fund pursuant to section 9 of this act, to participate
38 or continue to participate in that fund or in an approved alternative
39 home improvement warranty security program, if so required under the
40 provisions of this act, after receipt of due notice from the
41 commissioner, sent by certified mail.

42 c. To further protect the consumers of this State, the commissioner
43 shall file a report with the Attorney General whenever:

44 (1) The commissioner denies, suspends, or revokes a home
45 improvement contractor's certificate registration for a violation which

1 involves paragraph (2), (3), (7), or (8) of subsection b. of this section;
2 or

3 (2) The commissioner, in the course of an investigation conducted
4 under the provisions of this act, shall determine that the home
5 improvement contractor may have used or employed an
6 unconscionable commercial practice which may constitute an unlawful
7 practice under the provisions of P.L.1960, c.39 (C.56:8-1 et seq.).

8 The Attorney General may exercise the powers accorded by
9 P.L.1960, c.39 (C.56:8-1 et seq.) in connection with any report filed
10 under the provisions of this subsection.

11

12 12. Nothing in this act shall limit the rights and remedies otherwise
13 available to an aggrieved owner. The owner shall have the right to
14 pursue any remedy legally available; except that the initiation of
15 procedures to enforce a remedy other than that established by this act
16 shall constitute an election that shall bar the owner from the remedies
17 available under this act, while the election of a remedy under this act
18 shall bar the owner from all other remedies. Nothing contained in this
19 section shall be deemed to limit an owner's right of appeal under the
20 remedy so elected.

21

22 13. Any home improvement contractor who fails to register in
23 accordance with the provisions of this act, or who offers to perform
24 or performs home improvements without registering in accordance
25 with the provisions of this act or during a period when his registration
26 is suspended or revoked by the commissioner, shall be subject to a
27 penalty of not less than \$500 nor more than \$25,000 for each offense.
28 The penalty shall be enforced and collected by the commissioner in the
29 name of the State in summary proceedings in accordance with "the
30 penalty enforcement law" (N.J.S.2A:58-1 et seq.).

31 The penalties collected pursuant to the provisions of this section
32 shall be used exclusively by the department to administer and enforce
33 the provisions of this act.

34

35 14. a. This act shall supersede any municipal ordinance or
36 regulation that provides for the licensing or registration of home
37 improvement contractors or for the protection of homeowners by
38 bonds or warranties required to be provided by home improvement
39 contractors, exclusive of those required by water, sewer, utility, or
40 land use ordinances or regulations.

41 b. No municipality shall issue a construction permit for any home
42 improvement to any home improvement contractor who is not
43 registered pursuant to the provisions of this act.

44

45 15. The commissioner shall establish and undertake a public
46 information campaign to educate and inform home improvement

1 contractors and the consumers of this State of the provisions of this
2 act. This public information and education program shall include a
3 toll-free public telephone information service within the Department
4 of Community Affairs to answer questions from the public regarding
5 contractor registrations.

6

7 16. The commissioner, after consultation with the Commissioner
8 of Insurance, shall promulgate rules and regulations requiring insurers
9 to disclose to the department all such information concerning the
10 issuance, renewal, cancellation, nonrenewal and termination of the
11 insurance required for registration as a home improvement contractor
12 under the provisions of paragraph (5) of subsection a. of section 3 of
13 this act as the commissioner shall deem necessary to enforce the
14 provisions of this act.

15

16 17. The commissioner, pursuant to the provisions of the
17 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
18 seq.), shall promulgate rules and regulations to effectuate the purposes
19 of this act.

20

18. This act shall take effect on the first day of the sixth month after
enactment, except that sections 16 and 17 shall take effect
immediately.

24

25

STATEMENT

27

This bill provides for the registration of home improvement contractors with the Department of Community Affairs. The bill also establishes the "Home Improvement Warranty Security Fund" to provide moneys to pay the claims of consumers against contractors for defects in certain types of home improvements. The bill specifies that only claims involving home improvements for which a construction code permit is required pursuant to the "State Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.) are covered by and eligible for payments from the fund.

Under the provisions of the bill, every home improvement contractor doing business in the State must biennially register with the department and provide such personal and business information as the Commissioner of Community Affairs deems appropriate, including evidence of liability insurance and worker's compensation insurance. In addition, applicants for registration are required to affirm that they have read and understood the provisions of the bill, and have read and understood the rules and regulations governing the practices of home improvement contractors promulgated by the Director of the Division of Consumer Affairs in the Department of Law and Public Safety.

1 under the authority of section 4 of P.L.1960, c.39 (C.56:8-4). Once
2 the "Home Improvement Warranty Security Fund" is operational,
3 applicants who perform or offer to perform, home improvements
4 which require construction code permits also must provide proof that
5 they are participating either in that fund or an alternate warranty
6 security fund approved by the commissioner.

7 The bill specifies that all home improvement contracts, and
8 amendments thereto, must be in writing and that the language used in
9 the contract must be clear and understandable. Home improvement
10 contracts are also required to include a description of the work to be
11 done and the types of products to be used, the total price of the
12 improvement, the date or time period when the work is to begin and
13 be completed, any manufacturer's guarantees or warranties on the
14 products used, a statement informing the consumer that he has the
15 right to cancel a home improvement contract within three days of
16 signing it without penalty, and, if the type of home improvement so
17 requires it, information relating to the protections afforded the
18 consumer under the "Home Improvement Warranty Security Fund."

19 The bill also sets forth certain prohibited and unlawful acts by home
20 improvement contractors. Home improvement contractors who are
21 not registered pursuant to the provisions of this bill are subject to fines
22 of not less than \$500 or more than \$25,000 and those who are
23 registered, and who violate the bill's provisions, may have their
24 registration suspended or revoked. To further protect the consumers
25 of this State, the commissioner is to file a report with the Attorney
26 General whenever a home improvement contractor's registration is
27 revoked or suspended for specific violations or for employing an
28 unconscionable commercial practice. In such cases, the Attorney
29 General is authorized to exercise the powers accorded him under the
30 consumer fraud laws, P.L.1960, c.39 (C.56:8-1 et seq.).

31 The registration and warranty program established by the bill are
32 designed to supersede all local registration, licensing and bonding
33 requirements, except those relating to water, sewer, utility or land use.
34 The bill also prohibits municipalities from issuing construction permits
35 for any home improvement to a contractor who is not registered with
36 the department.

37 In addition, the bill directs the commissioner to establish and
38 undertake a public information campaign to educate consumers and
39 home improvement contractors of their rights and responsibilities and
40 requires the Department of Community Affairs to establish a toll-free
41 telephone number to answer questions from the public regarding
42 contractor registrations.

43

44

45

46 "Home Improvement Contractors' Registration and Warranty Act."