

ASSEMBLY, No. 2772

STATE OF NEW JERSEY

INTRODUCED MARCH 3, 1997

By Assemblywoman BUONO and Assemblyman BARNES

1 AN ACT concerning payments by builders into the new home warranty
2 security fund and supplementing P.L.1977, c.467 (C.46:3B-1 et
3 seq.).
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5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
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8 1. The commissioner shall submit a proposal to increase the
9 amounts paid by builders into the new home warranty security fund
10 established by section 7 of P.L.1977, c.467 (C.46:3B-7), to the Senate
11 President and the Speaker of the General Assembly 90 days prior to
12 the effective date of the increase. The increase shall take effect on the
13 date stated in the proposal unless a concurrent resolution disapproving
14 the increase is passed by the Legislature no later than 60 days after the
15 Legislature's receipt of the proposal.
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17 2. Notwithstanding the provisions of section 7 of P.L.1977, c.467
18 (C.46:3B-7), or any other law, rule or regulation to the contrary, the
19 commissioner shall decrease by 25 percent the amounts payable by
20 builders participating in the new home warranty security fund to pay
21 claims by owners against builders participating in the fund.
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23 3. This act shall take effect immediately.
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26 STATEMENT
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28 The "New Home Warranty and Builders' Registration Act,"
29 P.L.1977, c.467 (C.46:3B-1 et seq.), requires all builders of new
30 homes in the State to register with the Department of Community
31 Affairs and to participate in either a private new home warranty plan
32 or the State plan. Builders who participate in the State plan are
33 required to make payments into the new home warranty security fund
34 for each new home they build. The amount of the payments is
35 established by the department to cover claims by new home owners
36 against builders participating in the fund. The fund is required by
37 section 7 of P.L.1977, c.467 (C.46:3B-7) to be "sufficient to cover

1 anticipated claims, to provide a reasonable reserve, and to cover the
2 costs of administering the fund."

3 In the fiscal year 1997 budget, \$4,250,000 was appropriated from
4 the new home warranty security fund for transfer to the General Fund
5 as State revenue. The Governor's budget for FY1998 proposes to
6 appropriate \$5,000,000 from the fund to the General Fund as State
7 revenue.

8 It is the sponsor's belief that if the surplus in the new home
9 warranty security fund is so great that the excess can be appropriated
10 as State revenue, the payments builders are required to make to the
11 fund to cover claims against them are too high.

12 This bill requires the Commissioner of Community Affairs to lower
13 builders' payments to the new home warranty security fund by 25
14 percent. It prevents future excessive increases in the payments by
15 requiring the commissioner to submit any proposal to increase these
16 payments to the President of the Senate and the Speaker of the
17 General Assembly 90 days prior to the effective date of the proposed
18 increase. The bill provides that a proposed increase would take effect
19 on the date stated in the proposal unless a concurrent resolution
20 disapproving the increase is passed by the Legislature no later than
21 60 days after the Legislature's receipt of the proposal.

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26 Requires fees paid by builders into new home warranty security fund
27 to be lowered by 25 percent; requires Legislative approval of future
28 increases.