

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 396

STATE OF NEW JERSEY

DATED: OCTOBER 8, 2020

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 396.

This bill would adjust the statute of limitations on damage claims for construction defects in common interest communities. Specifically, in a claim for damages resulting from a construction defect in a condominium, cooperative, or other planned real estate development, the bill would require the statute of limitations to begin running at the time of the transition from developer control, instead of substantial completion of the project.

The statute of limitations for filing a claim for damages resulting from a construction defect currently runs for six years from the date of a project's substantial completion, so long as the defect does not result in an unsafe condition. A developer retains the ability to control the majority of a common interest community's executive board until the transition, which occurs sixty days after the conveyance of 75 percent of the units in the community. This transition from developer control can occur years after the project's substantial completion, leaving little or no time within the six-year window for the owner-controlled board to decide to file a claim against a developer, even when legitimate defects exist. This bill would provide the owner-controlled board more time to file a construction defect claim by requiring the statute of limitations to begin running upon transition of developer control.

This bill was pre-filed for introduction in the 2020-2021 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.