

SENATE, No. 3789

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED MAY 20, 2021

Sponsored by:

Senator LORETTA WEINBERG

District 37 (Bergen)

SYNOPSIS

Requires licensure of community management entity that contracts to conduct management services for planned real estate development association.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT requiring the licensure of community management entities
2 and supplementing P.L.1993, c.30 (C.45:22A-43 et seq.).
3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:
6

7 1. a. The Commissioner of Community Affairs shall establish
8 a system for the licensure of a community management entity that
9 intends to contract with the association of one or more planned real
10 estate developments to perform management services for the
11 development. The commissioner shall establish experiential
12 prerequisites that a person or entity shall be required to meet prior
13 to obtaining a license as a community management entity.
14 Following the effective date of this section, an entity shall not enter
15 a new contract to serve as the community management entity for an
16 association in the State unless the entity has obtained a license from
17 the commissioner pursuant to this section. If a person or entity is
18 found to be in violation of this requirement, the commissioner shall
19 impose a penalty on the person or entity in an amount not to exceed
20 \$4,000 per contract in violation.

21 b. As used in this section:

22 "Community management entity" means a person or entity who,
23 for valuable consideration or the expectation thereof, performs
24 management services for the association of a planned real estate
25 development.

26 "Management services" means services or functions provided or
27 performed on behalf of an association which include, but are not
28 limited to:

29 (1) Acting with the authority of an association in its business,
30 legal, financial, or other transactions;

31 (2) Executing the resolutions and decisions of the executive
32 board of an association;

33 (3) Collecting or disbursing moneys, preparing budgets, or
34 otherwise administering the finances or other property belonging to
35 an association; or

36 (4) Arranging, conducting, or coordinating meetings;
37 negotiating contracts or otherwise arranging for the purchase of
38 goods or services on behalf of an association.

39 c. The commissioner shall adopt the regulations necessary to
40 effectuate the provisions of this section pursuant to the
41 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-
42 1 et seq.) on or before the first day of the seventh month next
43 following enactment of P.L. , c. (C.) (pending before the
44 Legislature as this bill).
45

46 2. This act shall take effect on the first day of the seventh
47 month next following enactment.

STATEMENT

This bill would require the licensure of community management entities that contract to conduct management services for the associations of planned real estate developments. Specifically, the bill would direct the Commissioner of Community Affairs to establish a system for the licensure of community management entities that contract with the associations of planned real estate developments to perform management services for the developments. The bill would direct the commissioner to establish experiential prerequisites that a person or entity would be required to meet prior to obtaining a license as a community management entity. Following the effective date of the bill, an entity would be prohibited from entering a new contract to serve as the community management entity for an association in New Jersey unless the entity first obtains a license. If a person or entity is found to be in violation of this requirement, the commissioner would impose a penalty on the person or entity in an amount not to exceed \$4,000 per contract in violation.

The bill defines a “community management entity” as a person or entity who, for consideration or the expectation thereof, performs management services, such as administering finances and coordinating meetings, for the association of a planned real estate development. A “planned real estate development” is a term defined in the “The Planned Real Estate Development Full Disclosure Act,” P.L.1977, c.419 (C.45:22A-21 et seq.) to encompass communities governed by homeowners’ associations, condominiums, and cooperative communities.

The bill directs the commissioner to adopt the regulations necessary to effectuate the requirements of the bill on or before the first day of the seventh month next following enactment. The bill would take effect on the first day of the seventh month next following enactment.