

SENATE, No. 135

STATE OF NEW JERSEY

221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Senator NILSA I. CRUZ-PEREZ

District 5 (Camden and Gloucester)

SYNOPSIS

Concerning the "Contractor's Registration Act."

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



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2

1 AN ACT concerning home improvement contractors and amending
2 and supplementing P.L.2004, c.16.

3

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

6

7 1. Section 2 of P.L.2004, c.16 (C.56:8-137) is amended to read
8 as follows:

9 2. As used in this act:

10 "Contractor" means a person engaged in the business of making
11 or selling home improvements and includes a corporation,
12 partnership, association and any other form of business organization
13 or entity, and its officers, representatives, agents and employees. A
14 person who makes a home improvement without compensation shall
15 not be deemed to be a contractor with respect to that home
16 improvement.

17 "Director" means the Director of the Division of Consumer
18 Affairs in the Department of Law and Public Safety.

19 "Division" means the Division of Consumer Affairs in the
20 Department of Law and Public Safety.

21 "Home elevation" means any home improvement that involves
22 raising an entire residential or non-commercial structure to a higher
23 level above the ground.

24 "Home elevation contractor" means a contractor who engages in
25 the practice of home elevation.

26 "Home improvement" means the remodeling, altering,
27 renovating, repairing, restoring, modernizing, moving, demolishing,
28 installing in, or otherwise improving or modifying of the whole or
29 any part of any residential **[or non-commercial]** property. Home
30 improvement shall also include insulation installation, home
31 elevation, and the conversion of existing commercial structures into
32 residential **[or non-commercial]** property.

33 "Home improvement contract" means an oral or written
34 agreement for the performance of a home improvement between a
35 contractor and an owner, tenant or lessee, of a residential **[or**
36 **noncommercial]** property, and includes all agreements under which
37 the contractor is to perform labor or render services for home
38 improvements, or furnish materials in connection therewith.

39 "Residential **[or non-commercial]** property" means any single or
40 multi-unit structure used in whole or in part as a place of residence,
41 and all structures appurtenant thereto, and any portion of the lot or
42 site on which the structure is situated which is devoted to the
43 residential use of the structure.

44 (cf: P.L.2014, c.34, s.3)

EXPLANATION – Matter enclosed in bold-faced brackets **[thus] in the above bill is not enacted and is intended to be omitted in the law.**

Matter underlined thus is new matter.

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1 2. Section 3 of P.L.2004, c.16 (C.56:8-138) is amended to read
2 as follows:

3 3. a. On or after December 31, 2005, **[no]** a person shall not
4 offer to perform, or engage, or attempt to engage in the business of
5 making or selling home improvements unless registered with the
6 Division of Consumer Affairs in accordance with the provisions of
7 this act.

8 b. Every contractor shall **[annually]** register with the director
9 every two years. Application for registration shall be on a form
10 provided by the division and shall be accompanied by a reasonable
11 fee, set by the director in an amount sufficient to defray the
12 division's expenses incurred in administering and enforcing this act.

13 c. Every contractor required to register under this act shall file
14 an amended registration within 20 days after any change in the
15 information required to be included thereon. **[No]** A fee shall not
16 be required for the filing of an amendment.

17 (cf: P.L.2004, c.155, s.1)

18

19 3. Section 5 of P.L.2004, c.16 (C.56:8-140) is amended to read
20 as follows:

21 5. The provisions of **[this act]** sections 3, 4, 6, 7, 8, and 9 of
22 P.L.2004, c.16 (C.56:8-138 et al.) regarding registration, insurance,
23 and bonding as a home improvement contractor shall not apply to:

24 a. Any person required to register pursuant to "The New Home
25 Warranty and Builders' Registration Act," P.L.1977, c.467
26 (C.46:3B-1 et seq.);

27 b. **[Any person performing a home improvement upon a**
28 **residential or non-commercial property he owns, or that is owned**
29 **by a member of his family, a bona fide charity, or other non-profit**
30 **organization]** (Deleted by amendment, P.L. , c.) (pending
31 before the Legislature as this bill);

32 c. Any person regulated by the State as an architect,
33 professional engineer, landscape architect, land surveyor, electrical
34 contractor, master plumber, or any other person in any other related
35 profession requiring registration, certification, or licensure by the
36 State, who is acting within the scope of practice of his profession;

37 d. Any person who is employed by a community association or
38 cooperative corporation, or by the owner or manager of any other
39 residential property, while the person is acting within the scope of
40 that employment;

41 e. Any public utility as defined under R.S.48:2-13;

42 f. Any person licensed under the provisions of section 16 of
43 P.L.1960, c.41 (C.17:16C-77) who is selling a home repair contract
44 as defined in section 1 of P.L.1960, c.41 (C.17:16C-62); and

45 g. Any home improvement retailer with a net worth of more
46 than \$50,000,000, or employee of that retailer.

47 (cf: P.L.2004, c.16, s.5)

1 4. Section 6 of P.L.2004, c.16 (C.56:8-141) is amended to read
2 as follows:

3 6. In addition to any other procedure, condition or information
4 required by this act:

5 a. Every applicant shall file a disclosure statement with the
6 director stating whether the applicant has been convicted of any
7 crime, which for the purposes of this act shall mean a violation of
8 any of the following provisions of the "New Jersey Code of
9 Criminal Justice," Title 2C of the New Jersey Statutes, or the
10 equivalent under the laws of any other jurisdiction:

11 (1) Any crime of the first degree;

12 (2) Any crime which is a second or third degree crime and is a
13 violation of chapter 20 or 21 of Title 2C of the New Jersey Statutes;
14 or

15 (3) Any other crime which is a violation of N.J.S.2C:5-1,
16 2C:5-2, 2C:11-2 through 2C:11-4, 2C:12-1, 2C:12-3, 2C:13-1,
17 2C:14-2, 2C:15-1, subsection a. or b. of 2C:17-1, subsection a. or b.
18 of 2C:17-2, 2C:18-2, 2C:20-4, 2C:20-5, 2C:20-7, 2C:20-9, 2C:21-2
19 through 2C:21-4, 2C:21-6, 2C:21-7, 2C:21-12, 2C:21-14, 2C:21-15,
20 or 2C:21-19, chapter 27 or 28 of Title 2C of the New Jersey
21 Statutes, N.J.S.2C:30-2, 2C:30-3, 2C:35-5, 2C:35-10, 2C:37-1
22 through 2C:37-4.

23 b. The director may refuse to issue or may suspend or revoke
24 any registration **【issued by him】** upon proof that the applicant or
25 holder of the registration:

26 (1) Has obtained a registration through fraud, deception or
27 misrepresentation;

28 (2) Has engaged in the use or employment of dishonesty, fraud,
29 deception, misrepresentation, false promise or false pretense;

30 (3) Has engaged in gross negligence, gross malpractice or gross
31 incompetence;

32 (4) Has engaged in repeated acts of negligence, malpractice or
33 incompetence;

34 (5) Has engaged in professional or occupational misconduct as
35 may be determined by the director;

36 (6) Has been convicted of any crime **【involving moral**
37 **turpitude】** enumerated in subsection a. of this section or any other
38 crime relating adversely to the activity regulated by this act. For
39 the purpose of this subsection a plea of guilty, non vult, nolo
40 contendere or any other such disposition of alleged criminal activity
41 shall be deemed a conviction;

42 (7) Has had **【his】** the authority to engage in the activity
43 regulated by the director revoked or suspended by any other state,
44 agency or authority for reasons consistent with this section;

45 (8) Has violated or failed to comply with the provisions of any
46 State act 【or】, regulation or order administered or issued by the
47 director or, other than traffic violations, by any other State agency;

1 (9) **【Is incapable, for medical or any other good cause, of**
2 **discharging the functions of a licensee in a manner consistent with**
3 **the public's health, safety and welfare】** (Deleted by amendment,
4 P.L. , c.) (pending before the Legislature as this bill).

5 c. An applicant whose registration is denied, suspended, or
6 revoked pursuant to this section shall, upon a written request
7 transmitted to the director within 30 calendar days of that action, be
8 afforded an opportunity for a hearing in a manner provided for
9 contested cases pursuant to the "Administrative Procedure Act,"
10 P.L.1968, c.410 (C.52:14B-1 et seq.).

11 d. An applicant shall have the continuing duty to provide any
12 assistance or information requested by the director, and to cooperate
13 in any inquiry, investigation, or hearing conducted by the director.

14 e. If any of the information required to be included in the
15 disclosure statement changes, or if additional information should be
16 added after the filing of the statement, the applicant shall provide
17 that information to the director, in writing, within **【30】** 20 calendar
18 days of the change or addition.

19 f. Notwithstanding the provisions of **【paragraph (6) of】**
20 **subsection b. of this section, 【no individual】** an applicant shall not
21 be disqualified from registration or 【shall】 have registration
22 revoked on the basis of any conviction disclosed if the individual
23 has affirmatively demonstrated to the director clear and convincing
24 evidence of the individual's rehabilitation. In determining whether
25 an individual has affirmatively demonstrated rehabilitation, the
26 following factors shall be considered:

27 (1) The nature and responsibility of the position which the
28 convicted individual would hold;

29 (2) The nature and seriousness of the offense;

30 (3) The circumstances under which the offense occurred;

31 (4) The date of the offense;

32 (5) The age of the individual when the offense was committed;

33 (6) Whether the offense was an isolated or repeated incident;

34 (7) Any social conditions which may have contributed to the
35 offense; and

36 (8) Any evidence of rehabilitation, including good conduct in
37 prison or in the community, counseling or psychiatric treatment
38 received, acquisition of additional academic or vocational
39 schooling, successful participation in correctional work-release
40 programs, or the recommendation of persons who have had the
41 individual under their supervision.

42 (cf: P.L.2004, c.16, s.6)

43
44 5. Section 7 of P.L.2004, c.16 (C.56:8-142) is amended to read
45 as follows:

46 7. a. On or after December 31, 2005, every registered
47 contractor who is engaged in home improvements shall secure,

1 maintain and file with the director proof of a certificate of
2 commercial general liability insurance in a minimum amount of
3 \$500,000 per occurrence.

4 b. Every registered contractor engaged in home improvements
5 whose commercial general liability insurance policy is cancelled or
6 nonrenewed shall submit to the director a copy of the certificate of
7 commercial general liability insurance for a new or replacement
8 policy which meets the requirements of subsection a. of this section
9 before the former policy is no longer effective.

10 c. Every home elevation contractor engaged in performing
11 home elevations, in addition to the insurance required pursuant to
12 subsection a. of this section, shall secure and maintain cargo or
13 other insurance that specifically covers home elevation activities, in
14 a minimum amount of \$1,000,000 per occurrence to cover damages
15 or other losses to the homeowner, lessee, tenant or other party
16 resulting from a home elevation, except as otherwise provided in
17 this subsection. The Director of the Division of Consumer Affairs
18 in consultation with the Department of Banking and Insurance may
19 promulgate rules and regulations to implement this subsection,
20 which rules and regulations also may require that home elevation
21 contractors secure and maintain additional insurance of such kind
22 and in such amounts as the director may determine in consultation
23 with the Department of Banking and Insurance. In addition to or as
24 an alternative to the insurance required by this subsection, the
25 director may also require the posting of a bond in favor of the
26 owner, lessee, tenant or other party to the home improvement
27 contract for home elevation. Every bond and insurance policy
28 required to be maintained under this subsection shall provide that
29 the issuer of that bond or policy shall give the director written
30 notice of cancellation or non-renewal of the bond or policy within
31 10 days of the cancellation or non-renewal.

32 d. A home elevation contractor, prior to entering into an
33 agreement to perform a home elevation, shall provide proof of
34 insurance to the homeowner including the issuing insurer, policy
35 number, type, and amount of insurance coverage maintained by the
36 contractor in accordance with this section.

37 e. As of December 31, 2018, every registered contractor who is
38 engaged in home improvements shall maintain:

39 (1) in effect during the entire period of the registration, a bond,
40 in the form prescribed by the director, issued by one or more
41 sureties authorized to transact business in this State;

42 (2) maintain an irrevocable letter of credit, in a form prescribed
43 by the director, issued by a bank; or

44 (3) maintain with the director securities, moneys or other
45 security acceptable to the director to fulfill the requirements of this
46 section.

47 The principal sum of the bond, letter of credit, or securities,
48 moneys or other security shall be a minimum of \$50,000. The

1 contractor shall, from time to time, to the extent that claims are
2 paid, replenish the amount of bond, letter of credit, securities,
3 moneys or other security maintained with the director to a minimum
4 of \$50,000.

5 f. The bond, letter of credit, or securities, moneys or other
6 security shall be filed or deposited with the director and shall be
7 executed to the State of New Jersey for the use or benefit of any
8 consumer who, after entering into a home improvement contract,
9 incurs damages or suffers any loss arising out of a violation of this
10 act by the contractor.

11 g. The bond shall cover restitution and penalties.

12 (1) Any person claiming against the bond, letter of credit, or
13 securities, moneys or other security may maintain an action at law
14 against the contractor and the surety, bank, or director, as the case
15 may be.

16 (2) The bond shall not be payable for treble damage claims
17 pursuant to the consumer fraud act, P.L.1960, c.39 (C.56:8-1 et
18 seq.).

19 (3) The director may make a claim against the bond, letter of
20 credit, or securities, moneys or other security on behalf of a
21 consumer, with notice to the registered contractor.

22 (4) The aggregate liability of the surety, bank, or the director to
23 all persons for all breaches of the conditions of the bond, letter of
24 credit or the securities, moneys or other security held by the
25 director shall not exceed the amount of the bond, letter of credit, or
26 the securities, moneys or other security held by the director.

27 h. Every bond required to be filed with the director shall
28 provide that any consumer who may be claiming against the bond
29 shall notify the director and the surety of the amount and nature of
30 the claim prior to the initiation of any action at law against the
31 contractor. The bond shall provide that the surety may not pay any
32 claim against the bond unless and until it shall have received
33 authorization from the director to pay the claim.

34 i. If the director determines that there is a substantial
35 likelihood that the aggregate amount of claims against a bond will
36 exceed the available principal amount of the bond, the director may
37 apportion the proceeds of the bond among the claimants in an
38 equitable manner.

39 j. Every bond required to be filed with the director shall
40 provide that cancellation or nonrenewal of the bond shall not be
41 effective unless and until at least 10 days' notice of intention to
42 cancel or nonrenew has been received in writing by the director
43 from the issuer.

44 (cf: P.L.2014, c.34, s.4)

45
46 6. Section 11 of P.L.2004, c.16 (C.56:8-146) is amended to
47 read as follows:

48 11. a. It is an unlawful practice and a violation of

1 P.L.1960, c.39 (C.56:8-1 et seq.) for a contractor to fail to complete
2 a home improvement in accordance with the home improvement
3 contract or otherwise, or to violate any provision of this act. A
4 contractor who violates any provision of P.L.2004, c.16
5 (C.56:8-136 et seq.) shall be liable for restitution to a consumer
6 who is damaged or suffers any loss as a result of a violation.

7 b. In addition to any other penalty provided by law, a person
8 who knowingly violates any of the provisions of this act is guilty of
9 a crime of the fourth degree.
10 (cf: P.L.2004, c.16, s.11)

11
12 7. Section 12 of P.L.2004, c.16 (C.56:8-147) is amended to
13 read as follows:

14 12. a. This act shall supersede any municipal ordinance or
15 regulation that provides for the licensing or registration of home
16 improvement contractors or for the protection of homeowners by
17 bonds or warranties required to be provided by home improvement
18 contractors, exclusive of those required by water, sewer, utility, or
19 land use ordinances or regulations.

20 b. **[No]** A municipality shall not issue a construction permit
21 for any home improvement [to any] if any part of the home
22 improvement is to be performed by a contractor who is required to
23 be but is not registered pursuant to the provisions of this act.

24 c. A municipality may issue a construction permit for a home
25 improvement only to:

26 (1) a contractor who is performing the home improvement and
27 who is registered under this act; or

28 (2) a person who is performing the home improvement and is
29 not required to be registered under this act.

30 (cf: P.L.2004, c.16, s.12)

31
32 8. Section 13 of P.L.2004, c.16 (C.56:8-148) is amended to
33 read as follows:

34 13. a. This act shall not deny to any municipality the power to
35 inspect a contractor's work or equipment, the work of a contractor
36 who performs improvements to commercial property, or the power
37 to regulate the standards and manners in which the contractor's
38 work shall be done.

39 b. A municipality shall have the authority to bring a proceeding
40 in accordance with "Penalty Enforcement Law of 1999," P.L.1999,
41 c.274 (C.2A:58-10 et seq.), in the municipal court or in Superior
42 Court to recover fines and penalties for violations of P.L.2004, c.16
43 (C.56:8-136 et seq.), committed by a contractor in connection with
44 home improvements located within the municipality. Fines and
45 penalties recovered from a contractor in a proceeding may be
46 retained by the municipality.

47 (cf: P.L.2004, c.16, s.13)

1 9. Section 16 of P.L.2004, c.16 (C.56:8-151) is amended to
2 read as follows:

3 16. a. On or after December 31, 2005, every home
4 improvement contract for a purchase price in excess of \$500, and
5 all changes in the terms and conditions of the contract, shall be in
6 writing. The contract shall be signed by all parties thereto and shall
7 not contain any blank spaces for information, including but not
8 limited to terms and conditions, to be added after the contract is
9 signed by the consumer, and shall clearly and accurately set forth in
10 legible form and in understandable language all terms and
11 conditions of the contract, including but not limited to:

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

14 (2) A copy of the certificate of commercial general liability
15 insurance required of a contractor pursuant to section 7 of **[this act]**
16 P.L.2004, c.16 (C.56:8-142) and the telephone number of the
17 insurance company issuing the certificate; and

18 (3) The total price or other consideration to be paid by the
19 owner, including the finance charges.

20 b. **[On or after December 31, 2005, a home improvement**
21 **contract may be cancelled by a consumer for any reason at any time**
22 **before midnight of the third business day after the consumer**
23 **receives a copy of it. In order to cancel a contract the consumer**
24 **shall notify the contractor of the cancellation in writing, by**
25 **registered or certified mail, return receipt requested, or by personal**
26 **delivery, to the address specified in the contract. All moneys paid**
27 **pursuant to the cancelled contract shall be fully refunded within 30**
28 **days of receipt of the notice of cancellation. If the consumer has**
29 **executed any credit or loan agreement through the contractor to pay**
30 **all or part of the contract, the agreement or note shall be cancelled**
31 **without penalty to the consumer and written notice of that**
32 **cancellation shall be mailed to the consumer within 30 days of**
33 **receipt of the notice of cancellation. The contract shall contain a**
34 **conspicuous notice printed in at least 10-point bold-faced type as**
35 **follows:**

36

37

"NOTICE TO CONSUMER

38

YOU MAY CANCEL THIS CONTRACT AT ANY TIME
39 BEFORE MIDNIGHT OF THE THIRD BUSINESS DAY AFTER
40 RECEIVING A COPY OF THIS CONTRACT. IF YOU WISH TO
41 CANCEL THIS CONTRACT, YOU MUST EITHER:

42

1. SEND A SIGNED AND DATED WRITTEN NOTICE OF
43 CANCELLATION BY REGISTERED OR CERTIFIED MAIL,
44 RETURN RECEIPT REQUESTED; OR

45

2. PERSONALLY DELIVER A SIGNED AND DATED
46 WRITTEN NOTICE OF CANCELLATION TO:

47

48

(Name of Contractor)

1 (Address of Contractor)

2 (Phone Number of Contractor)

3 If you cancel this contract within the three-day period, you are
4 entitled to a full refund of your money. Refunds must be made
5 within 30 days of the contractor's receipt of the cancellation
6 notice." **】** (Deleted by amendment, P.L. , c.) (pending before
7 the Legislature as this bill).

8 c. The contract shall include the following notice in 10-point
9 bold type or larger, directly above the space provided for the
10 signature of the consumer:

11
12 "NOTICE TO CONSUMER

13 Do not sign this contract if any of the spaces for information have
14 been left blank.

15 You are entitled to a copy of the contract at the time you sign.

16 Keep it to protect your legal rights.

17 Do not sign any completion certificate or agreement stating that you
18 are satisfied with the entire project before this project is complete.

19 Home repair contractors are prohibited by law from requesting or
20 accepting a certificate of completion signed by the consumer prior
21 to the actual completion of the work to be performed under the
22 home repair contract."

23 d. Any home improvement contract may be rescinded by the
24 consumer, except as provided in subsection k. of this section if the
25 consumer:

26 (1) Furnishes to the contractor a notice of intent to rescind the
27 home repair contract by certified mail, return receipt requested,
28 postmarked not later than 5 p.m. of the third business day following
29 the day on which the home improvement contract is executed; and

30 (2) Gives up possession of any goods, subject to a home repair
31 contract, delivered to the consumer prior to receipt by the contractor
32 of the notice of intent to rescind.

33 e. Within 10 business days after receipt of a notice of intent to
34 rescind a home improvement contract, a contractor shall:

35 (1) Pick up, at the contractor's own expense, any goods subject
36 to the contract, delivered to the consumer prior to receipt by the
37 contractor of the notice;

38 (2) Refund to the consumer all amounts of money paid by the
39 consumer, less reasonable charges for any damages to any goods
40 which occurred while in the consumer's possession; and

41 (3) Redeliver to the consumer any goods traded-in to the
42 contractor on account of or in contemplation of the home
43 improvement contract, less any reasonable charges actually incurred
44 in making the goods ready for sale.

45 f. Each home repair contractor shall maintain a record of the
46 receipt of any consumer's notice of intent to rescind a sale under
47 this act for at least 18 months after the receipt of a notice of intent
48 to rescind.

1 g. At the time of executing every home improvement contract
2 subject to the provisions of this act, the contractor shall deliver to
3 the consumer two copies of a receipt which clearly and
4 conspicuously sets forth:

- 5 (1) The home repair contractor's name and place of business;
6 (2) A description of the goods and services sold; and
7 (3) The amount of money paid by the consumer or the cash
8 value of any goods delivered to the contractor at the time the home
9 improvement contract was entered into.

10 h. The receipt required to be delivered to the consumer shall
11 also clearly and conspicuously include, in at least 10-point bold
12 type, the following statement:

13 “NOTICE TO CONSUMER: YOU MAY RESCIND THIS
14 SALE PROVIDED THAT YOU NOTIFY THE HOME
15 IMPROVEMENT CONTRACTOR OF YOUR INTENT TO DO SO
16 BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED,
17 POSTMARKED NOT LATER THAN 5 P.M. OF THE THIRD
18 BUSINESS DAY FOLLOWING THE SALE. FAILURE TO
19 EXERCISE THIS OPTION, HOWEVER, WILL NOT INTERFERE
20 WITH ANY OTHER REMEDIES AGAINST THE HOME
21 IMPROVEMENT CONTRACTOR YOU MAY POSSESS. IF
22 YOU WISH YOU MAY USE THIS PAGE AS NOTIFICATION
23 BY WRITING “I HEREBY RESCIND’ AND ADDING YOUR
24 NAME AND ADDRESS. A DUPLICATE OF THIS RECEIPT IS
25 PROVIDED BY THE HOME IMPROVEMENT CONTRACTOR
26 FOR YOUR RECORDS.”

27 i. Except as provided in subsection k. of this section, a receipt
28 required to be delivered by the consumer shall not contain, or be
29 accompanied by, any document which contains provisions by which
30 the consumer waives any rights under this act.

31 j. A contractor who in the ordinary course of business
32 regularly uses a language other than English in any advertising or
33 other solicitation of consumers, or in any printed forms for use by
34 consumers, or in any face-to-face negotiations with consumers,
35 shall deliver two copies of the receipt to a consumer whose
36 principal language is not English, one in English and one in the
37 other language.

38 k. A home improvement contract for home improvement work
39 needed by the consumer to meet a bona fide emergency, where the
40 contact with the contractor was initiated by the consumer, shall not
41 be subject to the cancellation provisions of subsection d. of this
42 section, if the consumer furnishes the contractor with a statement
43 separate from the contract, in a form approved by the Division of
44 Consumer Affairs, dated and signed by the consumer, describing
45 the situation requiring immediate remedy and expressly
46 acknowledging and waiving the right to cancel the contract within
47 three business days.

48 (cf: P.L.2004, c.155, s.4)

1 10. (New section) A county or municipal office of consumer
2 affairs established pursuant to P.L.1975, c.376 (C.40:23-6.47 et
3 seq.), that enters into a written agreement with the director in the
4 form specified by the director to accept consumer complaints,
5 directly or on a referral basis, and enforce this act against
6 contractors whose principal place of business is in the county or
7 municipality, shall be entitled to a share of registration fees paid by
8 contractors having their principal place of business in the county or
9 municipality as determined by the director by regulation.

10

11 11. (New section) The Director of Consumer Affairs, pursuant
12 to the provisions of the "Administrative Procedure Act,"
13 P.L.1968, c.410 (C.52:14B-1 et seq.), shall promulgate rules and
14 regulations to effectuate the purposes of this act.

15

16 12. This act shall take effect on the first day of the second month
17 next following enactment, but the Director of Consumer Affairs
18 may take any anticipatory action in advance of that date as may be
19 necessary for the timely implementation of this act.

20

21

22

STATEMENT

23

24 This bill clarifies that the exemption from certain requirements
25 of the "Contractor's Registration Act," afforded to the persons listed
26 in section 5 of P.L.2004, c.16 (C.56:8-140), applies only to the
27 registration, insurance, and bonding requirement for home
28 improvement contractors. All home improvement contractors
29 would continue to be subject to the other requirements of the act.

30 Under the bill, a consumer would be permitted to waive the three
31 day waiting period during which the consumer would otherwise
32 have the right cancel a contract for home improvements in the event
33 that the work is necessary to meet a bona fide emergency.

34 The bill would provide a funding source for restitution to
35 consumers who have been damaged by a contractor's violation of
36 the "Contractor's Registration Act," by requiring registered
37 contractors to post a bond.

38 The bill establishes that a contractor would be liable for fines or
39 penalties imposed on a consumer as a result of a contractor's failure
40 to obtain construction permits. Work performed without a required
41 permit, and thus not inspected by local building code officials, often
42 violates building codes and zoning ordinances designed to protect
43 the health and safety of residents.

44 Finally, the bill makes it an unlawful practice under the
45 consumer fraud act for a contractor to fail to complete a home
46 improvement in accordance with the home improvement contract,
47 and provides a consumer who suffers damage as a result of a
48 violation of the "Contractor's Registration Act" with the remedy of

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1 restitution. An unlawful practice is punishable by a monetary
2 penalty of not more than \$10,000 for a first offense and not more
3 than \$20,000 for any subsequent offense. Additionally, violations
4 can result in cease and desist orders issued by the Attorney General,
5 the assessment of punitive damages, and the awarding of treble
6 damages and costs to the injured party.