

LEGISLATIVE HISTORY CHECKLIST

NJSA: 46:8B-12.2 (Condominium associations - management contracts - regulated)

LAWS OF: 1983 CHAPTER: 54

Bill No.: S764

Sponsor(s): Perskie

Date Introduced: Pre-filed

Committee: Assembly: Commerce and Industry

Senate: County and Municipal Government

Amended during passage Yes // Amendments denoted by asterisks

according to Governor's recommendations:

Date of Passage: Assembly: June 17, 1982 Re-enacted 1-27-83

Senate: March 15, 1982 Re-enacted 1-11-83

Date of Approval: Feb. 4, 1983

Following statements are attached if available:

Sponsor statement: Yes //

Committee statement: Assembly Yes //

Senate Yes //

Fiscal Note: /// No

Veto Message Yes //

Message on Signing: Yes //

Following were printed:

Reports: /// No

Hearings: /// No

54 2-4-83

[OFFICIAL COPY REPRINT]
SENATE, No. 764

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1982 SESSION

By Senator PERSKIE

AN ACT concerning condominium properties and amending
P. L. 1979, c. 157.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Section 3 of P. L. 1979, c. 157 (C. 46:8B-12.2) is amended to
2 read as follows:

3 3. ***[a.]*** Any **[management,]** **management,** employment,
4 service or maintenance contract or contract for the supply of equip-
5 ment or material**[,]** which is directly or indirectly made by or on
6 behalf of the association, prior to the unit owners having elected at
7 least 75% of the members of the governing board or other form of
8 administration of the association, shall not be entered into for a
9 period in excess of two years. Any such contract or lease may not
10 be renewed or extended for periods in excess of two years and at
11 the end of any two-year period, the association may terminate any
12 further renewals or extensions thereof.

13 **[b. Any management contract or agreement which is directly*
14 *made by or on behalf of the association, prior to the unit owners*
15 *having elected a majority of the members of the governing board or*
16 *other form of administration of the association shall not be entered*
17 *into for a period in excess of two years. Any]** **Notwithstanding*
18 *the above, any* management contract or agreement entered into*
19 *after the effective date of this amendatory act shall terminate 90*
20 *days after the first meeting of a governing board or other form of*
21 *administration in which the unit owners constitute a majority of*
22 *the members, unless the board or other form of administration*
23 *ratifies the contract or agreement.*

1 2. This act shall take effect immediately.

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 printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

*—Senate amendments adopted in accordance with Governor's recommenda-
tions October 18, 1982.

STATEMENT

This bill would amend the "Condominium Act" (P. L. 1969, c. 257) as amended and supplemented by P. L. 1979, c. 157 to provide that a management agreement or contract entered into by a developer before a condominium has passed into the control of the unit owners shall terminate 90 days after the first meeting of the condominium governing body of which the unit owners constitute a majority, unless the governing body ratifies the agreement.

S 764 (1982)

ASSEMBLY COMMERCE AND INDUSTRY COMMITTEE

STATEMENT TO

SENATE, No. 764

STATE OF NEW JERSEY

DATED: MAY 17, 1982

The Assembly Commerce and Industry Committee favorably reports this bill to distinguish the term of condominium management contracts and agreements from other kinds of condominium contracts and agreements—such as employment, service or maintenance contracts.

Under the proposed legislation, before unit owners have elected a majority of the members of a condominium's governing board, no management contract or agreement could extend beyond a two year period. If such a contract or agreement has been entered into after this bill is enacted, it must terminate 90 days (as opposed to two years, in the case of other contracts) following the first meeting of the condominium's governing body—but only once unit owners comprise a simple majority of the governing body (as opposed to the 75% membership requirement for other contracts). The condominium board would have the opportunity to ratify the existing contract or agreement.

SENATE COUNTY AND MUNICIPAL GOVERNMENT
COMMITTEE

STATEMENT TO

SENATE, No. 764

STATE OF NEW JERSEY

DATED: MARCH 1, 1982

Senate Bill No. 764 amends the "Condominium Act" to require that any management agreement or contract entered into by a developer prior to the unit owners attaining majority control shall terminate 90 days after the first meeting of the condominium governing body controlled by a majority of unit owners, unless that governing body ratifies the contract or agreement.

Under current law, any management, employment, service or maintenance contract, or contract for the supply of equipment or material, entered into prior to the unit owners having elected at least 75% of the governing body, may not be entered into or renewed for more than 2 years. At the end of any 2 year renewal period the condominium association may terminate the agreement.

This bill, then, differentiates between a management contract and the other types of contracts by: (1) providing for termination 90 days after the governing body is afforded the opportunity to renew, rather than at the end of a 2 year renewal period; and (2) providing for control over these contracts when the unit owners constitute a majority, rather than 75%, of the members of the governing body. The other contracts would continue as under current law.

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

September 16, 1982

SENATE BILL NO. 764

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the Constitution, I herewith return Senate Bill No. 764 with my objections and recommendations for amendment.

This bill amends the State's Condominium Act with respect to management contracts. It provides that unless ratified, management contracts entered after the effective date of this act shall terminate 90 days after the first meeting of the governing board in which the unit owners constitute a majority. In this way the provision permits unit owners to take control of the management of the association at an early date and represents sound public policy.

Language in the bill places a two year limitation on the duration of contracts entered into when the unit owners have less than a majority of members in the governing board. Once the unit owners are represented by a majority on the governing board, the board would be able to enter into long term management contracts. This change departs from existing law which imposes the two year limitation on management contracts until the unit owners are represented by 75% of the members of the governing board. Thus, the existing law offers stronger protection against long term contracts and, accordingly, I am not inclined to change it.

Therefore, I herewith return Senate Bill No. 764 and recommend that it be amended as follows:

Page 1, Section 1, line 3: Delete "a."; after "management,]"
insert "management,"

Page 1, Section 1, lines 13-16: Delete

Page 1, Section 1, line 17: Delete "for a period in excess of two
years. Any" and insert "Notwithstanding
the above, any"

Respectfully,

/s/ Thomas H. Kean

GOVERNOR

[seal]

Attest:

/s/ W. Cary Edwards

Chief Counsel to the Governor

OFFICE OF THE GOVERNOR

RELEASE: IMMEDIATELY

CONTACT: CARL GOLDEN

FRIDAY, FEBRUARY 4, 1983

Governor Thomas H. Kean today signed the following legislation into law:

A-782, sponsored by Assemblyman J. P. Doyle (D-Ocean), omits the \$15.00 fee charged by the Division of Motor Vehicles for applicants eligible for the special "POW" license plates. Those plates will be issued with no special charge, effective immediately.

S-979, sponsored by Senator Wayne Dumont (R-Warren-Sussex), allows any former full-time, fully-trained and qualified police officer to be eligible for appointment as a special police officer.

S-764, sponsored by former Senator Steven Perskie (D-Atlantic), amends the Condominium Act to provide for any management contract to expire within 90 days after the first meeting of a governing board on which the unit owners constitute a majority, unless of course, the management contract is ratified. The legislation intends to protect unit owners from long-term management contracts influenced by the developer. Once unit owners constitute more than 75 percent of the governing board, the current two-year limitation on management, employment, service and maintenance contracts does not apply and the governing board is then able to renegotiate contracts or ratify current agreements.

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