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P.L. 2003, CHAPTER 94, *approved June 23, 2003*
Senate, No. 418 (*First Reprint*)

1 AN ACT concerning financing of certain home repair contracts and
2 amending P.L.1969, c.237.

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.1969, c.237 (C.17:16C-64.2) is amended to
8 read as follows:

9 2. No home repair contract shall require or entail the execution of
10 any note unless a ¹[building permit for construction, alteration or
11 repair has been issued by the municipality pursuant to the "State
12 Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et
13 seq.) for the work, if required, and such] home repair contractor
14 obtains a bond in a form and amount prescribed by regulations of the
15 commissioner, but said bond shall be in the amount of \$25,000 or 1%
16 of a home repair contractor's home improvement annual sales of the
17 previous year, whichever is greater, and applies for a building permit,
18 if required, within 10 business days of the execution of the home repair
19 contract. The bond shall be obtained from a surety company
20 authorized by law to do business in this State and shall be filed with
21 the commissioner. The bond required by this section shall contain a
22 provision that it shall not be canceled for any cause unless notice of
23 intention to cancel is filed in the department at least 30 days before the
24 day upon which cancellation shall take effect. That¹ note shall have
25 printed the words "CONSUMER NOTE" in 10-point bold type or
26 larger on the face thereof. Such a note with the words "CONSUMER
27 NOTE" printed thereon shall be subject to the terms and conditions of
28 the home repair contract and shall not be a negotiable instrument
29 within the meaning of chapter 3 (Negotiable Instruments) of the
30 Uniform Commercial Code, N.J.S.12A:3-101 et seq.
31 (cf: P.L.1995, c.28, s.13)

32

33 2. This act shall take effect immediately.

34

35

36

37

38 Requires building permit for work done pursuant to a home repair
39 financing contract under certain circumstances.

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate amendments adopted in accordance with Governor's recommendations
May 19, 2003.

SENATE, No. 418

STATE OF NEW JERSEY
210th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2002 SESSION

Sponsored by:

Senator WAYNE R. BRYANT

District 5 (Camden and Gloucester)

Senator ROBERT E. LITTELL

District 24 (Sussex, Hunterdon and Morris)

SYNOPSIS

Requires building permit for work done pursuant to a home repair financing contract under certain circumstances.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



S418 BRYANT, LITTELL

2

1 AN ACT concerning financing of certain home repair contracts and
2 amending P.L.1969, c.237.

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12 Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.) for
13 the work, if required, and such note shall have printed the words
14 "CONSUMER NOTE" in 10-point bold type or larger on the face
15 thereof. Such a note with the words "CONSUMER NOTE" printed
16 thereon shall be subject to the terms and conditions of the home repair
17 contract and shall not be a negotiable instrument within the meaning
18 of chapter 3 (Negotiable Instruments) of the Uniform Commercial
19 Code, N.J.S.12A:3-101 et seq.

20 (cf: P.L.1995, c.28, s.13)

21

22 2. This act shall take effect immediately.

23

24

25

STATEMENT

26

27 This bill amends the "Home Repair Financing Act" to prohibit the
28 execution of a note in regard to a home repair financing contract if a
29 building permit is required for the work and has not been issued.

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

Matter underlined thus is new matter.

ASSEMBLY HOUSING AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO

SENATE, No. 418

STATE OF NEW JERSEY

DATED: OCTOBER 3, 2002

The Assembly Housing and Local Government Committee reports favorably Senate Bill No. 418.

This bill amends the "Home Repair Financing Act" to prohibit the execution of a note in regard to a home repair financing contract if a building permit is required for the work and has not been issued.

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 418

STATE OF NEW JERSEY

DATED: FEBRUARY 21, 2002

The Senate Commerce Committee reports favorably Senate Bill No. 418.

This bill amends the "Home Repair Financing Act" to prohibit the execution of a note in regard to a home repair financing contract if a building permit is required for the work and has not been issued.

This bill was pre-filed for introduction in the 2002 session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.

ASSEMBLY, No. 2795

STATE OF NEW JERSEY 210th LEGISLATURE

INTRODUCED SEPTEMBER 23, 2002

Sponsored by:

Assemblywoman NILSA CRUZ-PEREZ

District 5 (Camden and Gloucester)

Assemblyman WILLIS EDWARDS, III

District 34 (Essex and Passaic)

Co-Sponsored by:

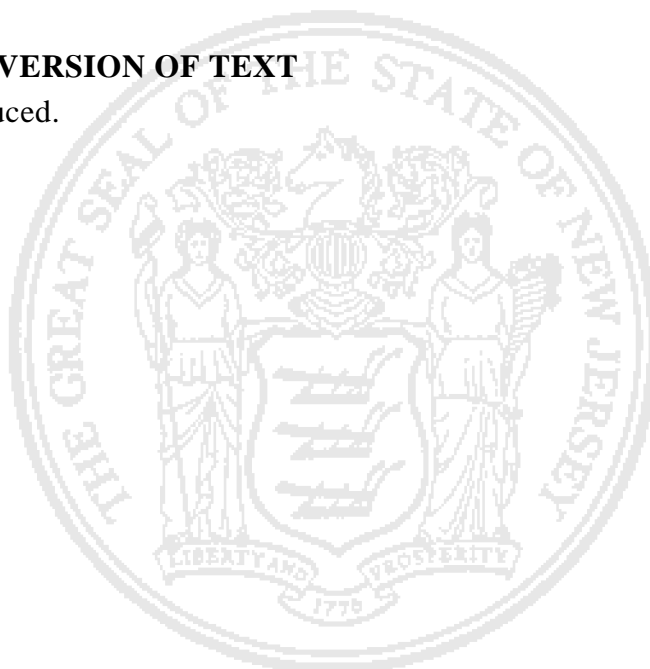
Assemblyman Gusciora and Assemblywoman Watson Coleman

SYNOPSIS

Requires building permit for work done pursuant to a home repair financing contract under certain circumstances

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 10/18/2002)

1 AN ACT concerning financing of certain home repair contracts and
2 amending P.L.1969, c.237.

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.1969, c.237 (C.17:16C-64.2) is amended to
8 read as follows:

9 2. No home repair contract shall require or entail the execution of
10 any note unless a building permit for construction, alteration or repair
11 has been issued by the municipality pursuant to the "State Uniform
12 Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.) for
13 the work, if required, and such note shall have printed the words
14 "CONSUMER NOTE" in 10-point bold type or larger on the face
15 thereof. Such a note with the words "CONSUMER NOTE" printed
16 thereon shall be subject to the terms and conditions of the home repair
17 contract and shall not be a negotiable instrument within the meaning
18 of chapter 3 (Negotiable Instruments) of the Uniform Commercial
19 Code, N.J.S.12A:3-101 et seq.

20 (cf: P.L.1995, c.28, s.13)

21

22 2. This act shall take effect immediately.

23

24

25

STATEMENT

26

27 This bill would amend the "Home Repair Financing Act" to
28 prohibit the execution of a note in regard to a home repair financing
29 contract if a building permit is required for the work and has not
30 been issued.

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

Matter underlined thus is new matter.

ASSEMBLY HOUSING AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2795

STATE OF NEW JERSEY

DATED: OCTOBER 3, 2002

The Assembly Housing and Local Government Committee reports favorably Assembly Bill No. 2795.

This bill would amend the "Home Repair Financing Act" to prohibit the execution of a note in regard to a home repair financing contract if a building permit is required for the work and has not been issued.

SENATE BILL NO. 418

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 418 with my recommendations for reconsideration.

A. Summary of Bill

This bill amends the "Home Repair Financing Act" to prohibit the execution of a note in regard to a home repair- financing contract if a building permit is required for the work and has not been issued by a municipality.

B. Recommended Action

I commend the sponsors' intent to protect consumers from potentially unscrupulous contractors, who provide financing for a home repair and may indeed collect full payment, but nonetheless do not complete the repair or do so inadequately such that it does not pass inspection by municipal code officials. One issue that was raised after this bill reached my desk, however, was that this bill would restrict reputable contractors who provide financing, either through their own means or through a third party, from securing even a down payment for the project's initial costs, including the cost of obtaining a building permit, until a municipality issues the requisite permit.

This proposed Conditional Veto ensures that all home repair contractors who offer financing for consumers, post a bond of sufficient value with the Department of Banking and Insurance to provide consumers with recourse in the event those contractors fail to meet their obligations, and requires that they apply for the requisite permit within ten business days of the execution of the contract.

Therefore, I herewith return Senate Bill No. 418 and recommend that it be amended as follows:

Page 2, Section 1, Line 10: After "unless a" delete remainder of line 10

Page 2, Section 1, Lines 11-12: Delete in their entirety.

Page 2, Section 1, Line 13: Delete "the work, if required, and such" and insert "home repair contractor obtains a bond in a form and amount prescribed by regulations of the commissioner, but said bond shall be in the amount of \$25,000 or 1% of a home repair contractor's home improvement annual sales of the previous year, whichever is greater, and applies for a building permit, if required, within 10 business days of the execution of the home repair contract. The bond shall be obtained from a surety company authorized by law to do business in this State and shall be filed with the commissioner. The bond required by this section shall contain a provision that it shall not be canceled for any cause unless notice of intention to cancel is filed in the department at least 30 days before the day upon which cancellation shall take effect." Delete "a building permit for construction, alteration or repair" and insert "That"

Respectfully,

/s/ James E. McGreevey

Governor

[seal]

Attest:

/s/ Paul A. Levinsohn

Chief Counsel to the Governor