

46:8B-31 to 46:8B-37

LEGISLATIVE HISTORY CHECKLIST

WJSA 46:8B-31 to 46:8B-37 (Condominiums - various amendments)

LAWS OF 1979 CHAPTER 297

Bill No. A176

Sponsor(s) Kozloski, Van Wagner and Flynn

Date Introduced Pre-filed

Committee: Assembly Commerce, Industry and Professions

Senate County and Municipal Government

Amended during passage according to Governor's recommendation Yes
Date of Passage: Assembly Jan. 11, 1979
Senate May 21, 1979
xx Amendments during passage denoted by asterisks
Re-enacted Dec. 10, 1979
Re-enacted Jan. 3, 1979

Date of approval Jan. 17, 1980

Following statements are attached if available:

Sponsor statement Yes xx (Below)
Committee Statement: Assembly Yes xx
Senate Yes xx
Fiscal Note Yes No
Veto message Yes xx
Message on signing Yes No

Following were printed:

Reports Yes No
Hearings Yes No

Sponsor's statement:

This bill is designed to eliminate many unconscionable provisions which exist in certain leases in condominium areas.

[THIRD OFFICIAL COPY REPRINT]

## ASSEMBLY, No. 176

## STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1978 SESSION

By Assemblymen KOZLOSKI, VAN WAGNER and FLYNN

A SUPPLEMENT to the "Condominium Act," approved January 7, 1970 (P. L. 1969, c. 257; C. 46:8B-1 et seq.).

1 BE IT ENACTED by the Senate and General Assembly of the State  
2 of New Jersey:  
3 1. The Legislature **\*\*[expressly finds]\*\*** **\*\*finds and declares\*\***  
4 that many leases involving use of *\*parking,\** recreational or other  
5 common facilities *\*or areas\** by residents of condominiums were  
6 entered into by parties wholly representative of the interests of  
7 a condominium developer at a time when the condominium unit  
8 owners not only did not control the administration of their condo-  
9 minium but also had little or no voice in such administration. Such  
10 leases often contain numerous obligations on the part of either or  
11 both a condominium association and condominium unit owners with  
12 relatively few obligations on the part of the lessor. Such leases  
13 may or may not be unconscionable in any given case. Nevertheless,  
14 the Legislature finds that **\*\*[a combination of]\*\*** certain onerous  
15 obligations and circumstances **\*\*[warrants]\*\*** **\*\*warrant\*\*** the  
16 establishment of a rebuttable presumption of unconscionability of  
17 certain leases, as specified in **\*\*[section 2]\*\*** **\*\*this act\*\***. **\*\*[The**  
18 presumption may be rebutted by a lessor upon the showing of  
19 additional facts and circumstances to justify and validate what  
20 otherwise appears to be an unconscionable lease under this section.  
21 Failure of a lease to contain **\*\*[all]\*\*** **\*\*any of the\*\*** enumerated ele-  
22 ments shall neither preclude a determination of unconscionability  
23 of the lease nor raise a presumption as to its conscionability. It is  
24 the intent of the Legislature that this act is remedial and does not  
25 create any new cause of action to invalidate any condominium lease  
but shall operate as a statutory prescription on procedural matters  
in actions brought on one or more causes of action existing at the  
time of the execution of such lease.]\*\*

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

26     *\*\*The Legislature also finds and declares that many contracts*  
 27 *for sale of condominium units contain provisions affording \*\*\*[the*  
 28 *developer or]\*\*\* the association a right of first refusal to purchase*  
 29 *in the event of resale of condominium units by the purchaser, pro-*  
 30 *visions which are in the financial interest of \*\*\*[the developer*  
 31 *or]\*\*\* the association and are designed to limit the freedom of the*  
 32 *purchaser to resell the property as he sees fit. Such provisions*  
 33 *may or may not be unconscionable in any given case. Nevertheless,*  
 34 *the Legislature finds that the relative balance between the con-*  
 35 *sideration given the financial interests of \*\*\*[the developer or]\*\*\**  
 36 *the association and the limitations placed upon the property rights*  
 37 *of the purchaser contained in such provisions is such as to warrant*  
 38 *the establishment of a rebuttable presumption of unconscionability*  
 39 *with respect thereto.\*\**

1     2. **\*\*[A rebuttable presumption of unconscionability in relation**  
 1A *to leases involving condominium property such as, but not limited*  
 1B *to use by condominium unit owners of \*parking,\* recreational or*  
 1C *other common facilities \*or areas\*, irrespective of the date on which*  
 2 *such lease was entered into\*,\* shall arise if \*one or more of\* the*  
 2A *following elements exist:]\*\**

2B     *\*\*There is hereby established a rebuttable presumption of un-*  
 2C *conscionability with respect to leases involving condominium prop-*  
 3 *erty, including, but not limited to, leases concerning the use by*  
 3A *condominium unit owners of parking, recreational or other common*  
 3B *facilities or areas. Such presumption may be rebutted by a lessor*  
 3C *by the presentation of evidence of the existence of facts and circum-*  
 4 *stances sufficient to justify and validate a lease which would other-*  
 4A *wise appear to be unconscionable under the provisions of this sec-*  
 4B *tion. A rebuttable presumption of unconscionability shall arise if*  
 5 *one or more of the following elements exist, but the failure of a*  
 5A *lease to contain any of the following elements shall neither preclude*  
 5B *a determination of its unconscionability nor raise a presumption of*  
 5C *its conscionability:\*\**

6     a. The lease was executed by persons none of whom at the time  
 7 of the execution of the lease were elected by condominium unit  
 8 owners other than the developer, to represent their interests;

9     b. The lease requires either the condominium association or the  
 10 condominium unit owners to pay real estate taxes on the subject  
 11 real property;

12     c. The lease requires either the condominium association or the  
 13 condominium unit owners to insure buildings or other facilities  
 14 on the subject real property against fire or any other hazard;

15 d. The lease requires either the condominium association or the  
 16 condominium unit owners to perform some or all maintenance  
 17 obligations pertaining to the subject real property or facilities  
 18 located upon the subject real property;

19 e. The lease requires either the condominium association or the  
 20 condominium unit owners to pay rents to the lessor for a period  
 21 of **\*\*[21]\*\*** **\*\*10\*\*** years or more;

22 f. The lease provides that failure of the lessee to make payments  
 23 of rents due under the lease either creates, establishes, or permits  
 24 establishment of, a lien upon individual condominium units of the  
 25 condominium to secure claims for rent;

26 g. The lease requires an annual rental which exceeds **\*\*[25%]\*\***  
 27 **\*\*20%\*\*** of the appraised value of the leased property as improved;  
 28 provided that for purposes of this **\*\*[paragraph]\*\*** **\*\*subsection\*\***  
 29 “annual rental” means the amount due during the first 12 months  
 30 of the lease for all units regardless of whether such units were in  
 31 fact occupied or sold during that period and “appraised value”  
 32 means the appraised value placed upon the leased property the first  
 33 tax year after the sale of a unit in the condominium;

34 h. The lease provides for a periodic rental increase based upon  
 35 reference to a price index;

36 i. The lease or other condominium documents require that every  
 37 transferee of a condominium unit must assume obligations under  
 38 the lease.

1 3. If any provision of this act or the application thereof to any  
 2 person or circumstance is held invalid, the invalidity shall not affect  
 3 other provisions or applications of the act which can be given effect  
 4 without the invalid provision or application, and to this end the  
 5 provisions of this act are declared severable.

1 **\*\*[4. When 50% of a planned condominium is occupied or sold,  
 2 control of management and budget shall automatically go to the  
 3 residents.]\*\***

1 **\*\*[5.]\*\*** **\*\*4.\*\*** The *developer shall* **\*\*[include]\*\*** **\*\*separately  
 2 state\*\*** in the selling price of a unit in a condominium **\*\*[shall  
 3 include]\*\*** **\*\*the\*\*** full membership *fee* in the condominium associa-  
 4 tion and **\*\*[shall also include]\*\*** all recreational membership fees.

1 **\*\*[6. The condominium association or the condominium unit  
 2 owners shall have the option of renewing the recreational lease  
 3 after 20 years or of buying the recreational facilities and subject  
 4 real property at a conscionable price.]\*\***

1 **\*\*5. When any parking, recreational or other common facility or  
 2 area has been leased for the use of the unit owners of a condominium**

3 for 20 years or more, the condominium association or the condo-  
 4 minium unit owners shall have the option of renewing the lease on  
 5 the parking, recreational or other common facility or area or of  
 6 buying such facility or area and subject real property at a conscion-  
 7 able price.\*

1 \*\*6. There is hereby established a rebuttable presumption of  
 2 unconscionability with respect to provisions of \*\*\*[contracts for  
 3 the sale of condominium units or of]\*\*\* the bylaws of associations  
 4 which shall arise whenever such \*\*\*[contract or]\*\*\* bylaws shall  
 5 contain any provision affording \*\*\*[the developer or]\*\*\* the  
 6 association a right of first refusal to buy a condominium unit upon  
 7 resale by the condominium unit owner. Such presumption may be  
 8 rebutted by \*\*\*[the developer or]\*\*\* the association by the pre-  
 9 sentation of evidence of the existence of facts and circumstances  
 10 sufficient to justify and validate a provision of \*\*\*[a contract  
 11 or of]\*\*\* the bylaws which would otherwise appear to be uncon-  
 12 scionable under the provisions of this section. The provisions of  
 13 this section shall be applicable \*\*\*[to any contract heretofore or  
 14 hereafter executed for the sale of a condominium unit and]\*\*\* to all  
 15 association bylaws heretofore or hereafter adopted pursuant to the  
 16 act to which this act is supplementary.

1 7. The provisions of this act shall not apply to any lease involv-  
 2 ing the use of parking, recreational or other common facilities or  
 3 areas at a condominium project where such parking, recreational  
 4 or other common facilities have been fully completed and in opera-  
 5 tion as of the effective date of this act and the lease therefor is duly  
 6 executed, whether before or after the effective date of this act, by  
 7 the developer and the association.\*\*

1 \* [7.] \* \* \* [6.] \* \* \* 8. \* \* This act shall take effect \* [January 1  
 2 next following enactment] \* \* immediately\*.

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## ASSEMBLY, No. 176

# STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1978 SESSION

By Assemblymen KOZLOSKI, VAN WAGNER and FLYNN

A SUPPLEMENT to the "Condominium Act," approved January 7, 1970 (P. L. 1969, c. 257; C. 46:8B-1 et seq.).

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

1 1. The Legislature expressly finds that many leases involving  
2 use of recreational or other common facilities by residents of  
3 condominiums were entered into by parties wholly representative  
4 of the interests of a condominium developer at a time when the  
5 condominium unit owners not only did not control the administra-  
6 tion of their condominium but also had little or no voice in such  
7 administration. Such leases often contain numerous obligations  
8 on the part of either or both a condominium association and  
9 condominium unit owners with relatively few obligations on the  
10 part of the lessor. Such leases may or may not be unconscionable  
11 in any given case. Nevertheless, the Legislature finds that a  
12 combination of certain onerous obligations and circumstances war-  
13 rants the establishment of a rebuttable presumption of uncon-  
14 scionability of certain leases, as specified in section 2. The  
15 presumption may be rebutted by a lessor upon the showing of  
16 additional facts and circumstances to justify and validate what  
17 otherwise appears to be an unconscionable lease under this section.  
18 Failure of a lease to contain all enumerated elements shall neither  
19 preclude a determination of unconscionability of the lease nor raise  
20 a presumption as to its conscionability. It is the intent of the  
21 Legislature that this act is remedial and does not create any new  
22 cause of action to invalidate any condominium lease but shall  
23 operate as a statutory prescription on procedural matters in actions  
24 brought on one or more causes of action existing at the time of the  
25 execution of such lease.

1 2. A rebuttable presumption of unconscionability in relation to  
2 leases involving condominium property such as, but not limited to  
3 use by condominium unit owners of recreational or other common  
4 facilities, irrespective of the date on which such lease was entered  
5 into shall arise if the following elements exist:

6 a. The lease was executed by persons none of whom at the time  
7 of the execution of the lease were elected by condominium unit  
8 owners other than the developer, to represent their interests;

9 b. The lease requires either the condominium association or the  
10 condominium unit owners to pay real estate taxes on the subject  
11 real property;

12 c. The lease requires either the condominium association or the  
13 condominium unit owners to insure buildings or other facilities  
14 on the subject real property against fire or any other hazard;

15 d. The lease requires either the condominium association or the  
16 condominium unit owners to perform some or all maintenance  
17 obligations pertaining to the subject real property or facilities  
18 located upon the subject real property;

19 e. The lease requires either the condominium association or the  
20 condominium unit owners to pay rents to the lessor for a period  
21 of 21 years or more;

22 f. The lease provides that failure of the lessee to make payments  
23 of rents due under the lease either creates, establishes, or permits  
24 establishment of, a lien upon individual condominium units of the  
25 condominium to secure claims for rent;

26 g. The lease requires an annual rental which exceeds 25% of the  
27 appraised value of the leased property as improved; provided that  
28 for purposes of this paragraph "annual rental" means the amount  
29 due during the first 12 months of the lease for all units regardless  
30 of whether such units were in fact occupied or sold during that  
31 period and "appraised value" means the appraised value placed  
32 upon the leased property the first tax year after the sale of a unit  
33 in the condominium;

34 h. The lease provides for a periodic rental increase based upon  
35 reference to a price index;

36 i. The lease or other condominium documents require that every  
37 transferee of a condominium unit must assume obligations under  
38 the lease.

1 3. If any provision of this act or the application thereof to any  
2 person or circumstance is held invalid, the invalidity shall not affect  
3 other provisions or applications of the act which can be given effect

A176 (1978)

3

4 without the invalid provision or application, and to this end the  
5 provisions of this act are declared severable.

1 4. When 50% of a planned condominium is occupied or sold,  
2 control of management and budget shall automatically go to the  
3 residents.

1 5. The selling price of a unit in a condominium shall include full  
2 membership in the condominium association and shall also include  
3 all recreational membership fees.

1 6. The condominium association or the condominium unit owners  
2 shall have the option of renewing the recreational lease after 20  
3 years or of buying the recreational facilities and subject real  
4 property at a conscionable price.

1 7. This act shall take effect January 1 next following enactment.

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SPONSORS' STATEMENT

This bill is designed to eliminate many unconscionable provisions which exist in certain leases in condominium areas.

ASSEMBLY COMMERCE, INDUSTRY AND PROFESSIONS  
COMMITTEE

STATEMENT TO  
**ASSEMBLY, No. 176**  
with Assembly committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 4, 1978

This bill creates a rebuttable presumption of unconscionability if certain elements exist in a lease involving parking, recreational or other common facilities or areas of a condominium. Rather than a lessee having to show that a lease is unconscionable, the bill provides that certain elements of a lease are unconscionable and that, if these elements are part of the lease, the lessor must establish that they are not unconscionable. For example, a rebuttable presumption of unconscionability would arise in such a lease if the lessee is required to pay the real estate taxes or insurance, if the lease is for 21 years or more, or if the annual rental exceeds 25% of the value of the leased property.

Also, after 20 years of leasing a parking, recreational or other common facility or area, the association of the condominium would be given the option of renewing the lease or buying the facility or area at a conscionable price.

The committee amended section 2 to clarify that "one or more of" the elements in a lease would establish a rebuttable presumption of unconscionability. Because leases on parking areas are so important in condominium developments, they were specifically added to the bill by amendment. Section 4 was deleted because Assembly Bill No. 182, which was released from the committee at the same time as this bill, specifies when the control of the governing board of a condominium must pass to the unit owners and, therefore, a conflict existed between the bills. New section 4 was amended to clarify that it is the developer who would be required to include the association membership fee and all recreational membership fees in the selling price of a unit in the condominium. The amendment of section 5 was for clarification purposes only.

ASSEMBLY COMMITTEE AMENDMENTS TO  
**ASSEMBLY, No. 176**

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**STATE OF NEW JERSEY**

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ADOPTED DECEMBER 4, 1978

- Amend page 1, section 1, line 2, after "use of", insert "parking,".
- Amend page 1, section 1, line 2, after "facilities", insert "or areas".
- Amend page 1, section 1, line 11, omit "a".
- Amend page 1, section 1, line 12, omit "combination of".
- Amend page 1, section 1, line 18, omit "all", insert "any of the".
- Amend page 2, section 2, line 3, after "of", insert "parking,".
- Amend page 2, section 2, line 4, after "facilities", insert "or areas".
- Amend page 2, section 2, line 5, after "into", insert ",".
- Amend page 2, section 2, line 5, after "if", insert "one or more of".
- Amend page 3, section 4, lines 1-3, omit in entirety.
- Amend page 3, section 5, line 1, omit "5.", insert "4.".
- Amend page 3, section 5, line 1, after "The", insert "developer shall include in the".
- Amend page 3, section 5, line 1, omit "shall include", insert "the".
- Amend page 3, section 5, line 2, after "membership", insert "fee".
- Amend page 3, section 5, line 2, omit "shall also include".
- Amend page 3, section 6, lines 1-4, omit in entirety and insert new section 5 as follows:
- "5. When any parking, recreational or other common facility or area has been leased for the use of the unit owners of a condominium for 20 years or more, the condominium association or the condominium unit owners shall have the option of renewing the lease on the parking, recreational or other common facility or area or of buying such facility or area and subject real property at a conscionable price."
- Amend page 3, section 7, line 1, omit "7.", insert "6.".
- Amend page 3, section 7, line 1, omit "January 1 next following enactment", insert "immediately".

[OFFICIAL COPY REPRINT]  
ASSEMBLY, No. 176

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1978 SESSION

By Assemblymen KOZLOSKI, VAN WAGNER and FLYNN

A SUPPLEMENT to the "Condominium Act," approved January 7,  
1970 (P. L. 1969, c. 257; C. 46:8B-1 et seq.).

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

1 1. The Legislature expressly finds that many leases involving  
2 use of *\*parking,\** recreational or other common facilities *\*or areas\**  
3 by residents of condominiums were entered into by parties wholly  
4 representative of the interests of a condominium developer at a  
5 time when the condominium unit owners not only did not control the  
6 administration of their condominium but also had little or no voice  
7 in such administration. Such leases often contain numerous obliga-  
8 tions on the part of either or both a condominium association and  
9 condominium unit owners with relatively few obligations on the  
10 part of the lessor. Such leases may or may not be unconscionable  
11 in any given case. Nevertheless, the Legislature finds that **\*[a**  
12 **combination of]** *\* certain onerous obligations and circumstances*  
13 warrants the establishment of a rebuttable presumption of uncon-  
14 scionability of certain leases, as specified in section 2. The  
15 presumption may be rebutted by a lessor upon the showing of  
16 additional facts and circumstances to justify and validate what  
17 otherwise appears to be an unconscionable lease under this section.  
18 Failure of a lease to contain **\*[all]** *\* any of the\** enumerated ele-  
19 ments shall neither preclude a determination of unconscionability  
20 of the lease nor raise a presumption as to its conscionability. It is  
21 the intent of the Legislature that this act is remedial and does not  
22 create any new cause of action to invalidate any condominium lease  
23 but shall operate as a statutory prescription on procedural matters  
24 in actions brought on one or more causes of action existing at the  
25 time of the execution of such lease.

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

1 2. A rebuttable presumption of unconscionability in relation to  
2 leases involving condominium property such as, but not limited to  
3 use by condominium unit owners of *\*parking,\** recreational or other  
4 common facilities *\*or areas\**, irrespective of the date on which such  
5 lease was entered into\*,\* shall arise if *\*one or more of\** the follow-  
5A ing elements exist:

6 a. The lease was executed by persons none of whom at the time  
7 of the execution of the lease were elected by condominium unit  
8 owners other than the developer, to represent their interests;

9 b. The lease requires either the condominium association or the  
10 condominium unit owners to pay real estate taxes on the subject  
11 real property;

12 c. The lease requires either the condominium association or the  
13 condominium unit owners to insure buildings or other facilities  
14 on the subject real property against fire or any other hazard;

15 d. The lease requires either the condominium association or the  
16 condominium unit owners to perform some or all maintenance  
17 obligations pertaining to the subject real property or facilities  
18 located upon the subject real property;

19 e. The lease requires either the condominium association or the  
20 condominium unit owners to pay rents to the lessor for a period  
21 of 21 years or more;

22 f. The lease provides that failure of the lessee to make payments  
23 of rents due under the lease either creates, establishes, or permits  
24 establishment of, a lien upon individual condominium units of the  
25 condominium to secure claims for rent;

26 g. The lease requires an annual rental which exceeds 25% of the  
27 appraised value of the leased property as improved; provided that  
28 for purposes of this paragraph "annual rental" means the amount  
29 due during the first 12 months of the lease for all units regardless  
30 of whether such units were in fact occupied or sold during that  
31 period and "appraised value" means the appraised value placed  
32 upon the leased property the first tax year after the sale of a unit  
33 in the condominium;

34 h. The lease provides for a periodic rental increase based upon  
35 reference to a price index;

36 i. The lease or other condominium documents require that every  
37 transferee of a condominium unit must assume obligations under  
38 the lease.

1 8. If any provision of this act or the application thereof to any  
2 person or circumstance is held invalid, the invalidity shall not affect  
3 other provisions or applications of the act which can be given effect

4 without the invalid provision or application, and to this end the  
5 provisions of this act are declared severable.

1 \***[4.** When 50% of a planned condominium is occupied or sold,  
2 control of management and budget shall automatically go to the  
3 residents.]\*

1 \***[5.]** \*4.\* The *developer shall include in the* selling price of  
2 a unit in a condominium \***[shall include]**\* *the* full membership  
3 *fee* in the condominium association and \***[shall also include]**\*  
4 all recreational membership fees.

1 \***[6.** The condominium association or the condominium unit  
2 owners shall have the option of renewing the recreational lease  
3 after 20 years or of buying the recreational facilities and subject  
4 real property at a conscionable price.]\*

1 \*5. *When any parking, recreational or other common facility or*  
2 *area has been leased for the use of the unit owners of a condominium*  
3 *for 20 years or more, the condominium association or the condo-*  
4 *minium unit owners shall have the option of renewing the lease on*  
5 *the parking, recreational or other common facility or area or of*  
6 *buying such facility or area and subject real property at a conscion-*  
7 *able price.\**

1 \***[7.]** \*6.\* This act shall take effect \***[January 1 next following**  
2 **enactment]**\* *immediately*.

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SENATE COUNTY AND MUNICIPAL GOVERNMENT  
COMMITTEE

STATEMENT TO  
**ASSEMBLY, No. 176**

[OFFICIAL COPY REPRINT]  
with Senate committee amendments

**STATE OF NEW JERSEY**

DATED: MAY 3, 1979

Assembly Bill No. 176 establishes a rebuttable presumption of unconscionability if certain elements exist in a lease involving parking, recreational or other common facilities or areas of a condominium. Rather than a lessee having to show that a lease is unconscionable, the bill provides that certain elements of a lease are unconscionable and that, if these elements are part of the lease, the lessor must establish that they are not unconscionable.

The Senate committee amended the bill to:

1. Provide that the bill shall not apply to any such lease where the parking, recreational or other common facilities have been fully completed and in operation as of the effective date of the act and the lease therefor is duly executed before or after the effective date;

2. Provide that a presumption of unconscionability shall arise when a lease requires the payment of rents on parking, recreational or common facilities to the lessor for 10 or more, rather than 21 or more years;

3. Provide that a presumption of unconscionability shall arise when a lease requires an annual rental which exceeds 20%, rather than 25%, of the appraised value of the leased property;

4. Clarify that the developer must separately state in the selling price of a condominium unit the condominium membership fee and the recreational membership fees; and,

5. Rewrite various provisions of the bill in order to make their intent more intelligible. The Senate committee also amended the bill to establish a rebuttable presumption of unconscionability with respect to provisions of sales contracts of condominium units and with respect to condominium association bylaws to arise whenever such sales contract or bylaws shall contain a provision affording the developer or the association right of first refusal to buy a condominium unit upon resale by the unit owner. This provision would be applicable to any sales contract for a condominium unit no matter when such contract was executed, and to any condominium association bylaws no matter when such bylaws were adopted.

SENATE COMMITTEE AMENDMENTS TO

ASSEMBLY, No. 176

[OFFICIAL COPY REPRINT]

STATE OF NEW JERSEY

ADOPTED MAY 3, 1979

Amend page 1, section 1, line 1, omit "expressly finds", insert "finds and declares".

Amend page 1, section 1, line 13, omit "warrants", insert "warrant".

Amend page 1, section 1, line 14, omit "section 2", insert "this act".

Amend page 1, section 1, lines 14-25, after "2.", omit; insert new paragraph as follows:

"The Legislature also finds and declares that many contracts for sale of condominium units contain provisions affording the developer or the association a right of first refusal to purchase in the event of resale of condominium units by the purchaser, provisions which are in the financial interest of the developer or the association and are designed to limit the freedom of the purchaser to resell the property as he sees fit. Such provisions may or may not be unconscionable in any given case. Nevertheless, the Legislature finds that the relative balance between the consideration given the financial interests of the developer or the association and the limitations placed upon the property rights of the purchaser contained in such provisions is such as to warrant the establishment of a rebuttable presumption of unconscionability with respect thereto."

Amend page 2, section 2, lines 1-5A, after "2.", omit; insert:

"There is hereby established a rebuttable presumption of unconscionability with respect to leases involving condominium property, including, but not limited to, leases concerning the use by condominium unit owners of parking, recreational or other common facilities or areas. Such presumption may be rebutted by a lessor by the presentation of evidence of the existence of facts and circumstances sufficient to justify and validate a lease which would otherwise appear to be unconscionable under the provisions of this section. A rebuttable presumption of unconscionability shall arise if one or more of the following elements exist, but the failure of a lease to contain any of the following elements shall neither preclude a determination of its unconscionability nor raise a presumption of its conscionability:"

Amend page 2, section 2, line 21, omit "21", insert "10".

Amend page 2, section 2, line 26, omit "25%", insert "20%".

Amend page 2, section 2, line 28, omit "paragraph", insert "subsection".

Amend page 3, section 4, line 1, omit "include", insert "separately state".

Amend page 3, section 5, after line 7, insert new sections 6 and 7 as follows:

"6. There is hereby established a rebuttable presumption of unconscionability with respect to provisions of contracts for the sale of condominium units or of the bylaws of associations which shall arise whenever such contract or bylaws shall contain any provision affording the developer or the association a right of first refusal to buy a condominium unit upon resale by the condominium unit owner. Such presumption may be rebutted by the developer or the association by the presentation of evidence of the existence of facts and circumstances sufficient to justify and validate a provision of a contract or of the bylaws which would otherwise appear to be unconscionable under the provisions of this section. The provisions of this section shall be applicable to any contract heretofore or hereafter executed for the sale of a condominium unit and to all association bylaws heretofore or hereafter adopted pursuant to the act to which this act is supplementary.

7. The provisions of this act shall not apply to any lease involving the use of parking, recreational or other common facilities or areas at a condominium project where such parking, recreational or other common facilities have been fully completed and in operation as of the effective date of this act and the lease therefor is duly executed, whether before or after the effective date of this act, by the developer and the association."

Amend page 3, section 6, line 1, omit "6.", insert "8.".

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[SENATE REPRINT]  
**ASSEMBLY, No. 176**  
[OFFICIAL COPY REPRINT]

With Senate committee amendments adopted May 3, 1979

**STATE OF NEW JERSEY**

PRE-FILED FOR INTRODUCTION IN THE 1978 SESSION

By Assemblymen KOZLOSKI, VAN WAGNER and FLYNN

A SUPPLEMENT to the "Condominium Act," approved January 7,  
1970 (P. L. 1969, c. 257; C. 46:8B-1 et seq.).

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

1 1. The Legislature **\*\*[expressly finds]\*\*** *\*\*finds and declares\*\**  
2 that many leases involving use of *\*parking,\** recreational or other  
3 common facilities *\*or areas\** by residents of condominiums were  
4 entered into by parties wholly representative of the interests of  
5 a condominium developer at a time when the condominium unit  
6 owners not only did not control the administration of their condo-  
7 minium but also had little or no voice in such administration. Such  
8 leases often contain numerous obligations on the part of either or  
9 both a condominium association and condominium unit owners with  
10 relatively few obligations on the part of the lessor. Such leases  
11 may or may not be unconscionable in any given case. Nevertheless,  
12 the Legislature finds that **\*[a combination of]\*** certain onerous  
13 obligations and circumstances **\*\*[warrants]\*\*** *\*\*warrant\*\** the  
14 establishment of a rebuttable presumption of unconscionability of  
14A certain leases, as specified in **\*\*[section 2]\*\*** *\*\*this act\*\**. **\*\*[The**  
15 presumption may be rebutted by a lessor upon the showing of  
16 additional facts and circumstances to justify and validate what  
17 otherwise appears to be an unconscionable lease under this section.  
18 Failure of a lease to contain **\*[all]\*** *\*any of the\** enumerated ele-  
19 ments shall neither preclude a determination of unconscionability  
20 of the lease nor raise a presumption as to its conscionability. It is  
21 the intent of the Legislature that this act is remedial and does not  
22 create any new cause of action to invalidate any condominium lease  
23 but shall operate as a statutory prescription on procedural matters  
24 in actions brought on one or more causes of action existing at the  
25 time of the execution of such lease.]\*\*

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

26     *\*\*The Legislature also finds and declares that many contracts*  
 27 *for sale of condominium units contain provisions affording the*  
 28 *developer or the association a right of first refusal to purchase in*  
 29 *the event of resale of condominium units by the purchaser, provi-*  
 30 *sions which are in the financial interest of the developer or the*  
 31 *association and are designed to limit the freedom of the purchaser*  
 32 *to resell the property as he sees fit. Such provisions may or may*  
 33 *not be unconscionable in any given case. Nevertheless, the Legis-*  
 34 *lature finds that the relative balance between the consideration*  
 35 *given the financial interests of the developer or the association and*  
 36 *the limitations placed upon the property rights of the purchaser*  
 37 *contained in such provisions is such as to warrant the establishment*  
 38 *of a rebuttable presumption of unconscionability with respect*  
 39 *thereto.\*\**

1     2. **\*\*[A rebuttable presumption of unconscionability in relation**  
 1A **to leases involving condominium property such as, but not limited**  
 1B **to use by condominium unit owners of \*parking,\* recreational or**  
 1C **other common facilities \*or areas\*, irrespective of the date on which**  
 2 **such lease was entered into\*,\* shall arise if \*one or more of\* the**  
 2A **following elements exist:]\*\***

2B     *\*\*There is hereby established a rebuttable presumption of un-*  
 2C *conscionability with respect to leases involving condominium prop-*  
 3 *erty, including, but not limited to, leases concerning the use by*  
 3A *condominium unit owners of parking, recreational or other common*  
 3B *facilities or areas. Such presumption may be rebutted by a lessor*  
 3C *by the presentation of evidence of the existence of facts and circum-*  
 4 *stances sufficient to justify and validate a lease which would other-*  
 4A *wise appear to be unconscionable under the provisions of this sec-*  
 4B *tion. A rebuttable presumption of unconscionability shall arise if*  
 5 *one or more of the following elements exist, but the failure of a*  
 5A *lease to contain any of the following elements shall neither preclude*  
 5B *a determination of its unconscionability nor raise a presumption of*  
 5C *its conscionability:\*\**

6     a. **The lease was executed by persons none of whom at the time**  
 7 **of the execution of the lease were elected by condominium unit**  
 8 **owners other than the developer, to represent their interests;**  
 9     b. **The lease requires either the condominium association or the**  
 10 **condominium unit owners to pay real estate taxes on the subject**  
 11 **real property;**  
 12     c. **The lease requires either the condominium association or the**  
 13 **condominium unit owners to insure buildings or other facilities**  
 14 **on the subject real property against fire or any other hazard;**

15 d. The lease requires either the condominium association or the  
 16 condominium unit owners to perform some or all maintenance  
 17 obligations pertaining to the subject real property or facilities  
 18 located upon the subject real property;

19 e. The lease requires either the condominium association or the  
 20 condominium unit owners to pay rents to the lessor for a period  
 21 of **\*\*[21]\*\*** **\*\*10\*\*** years or more;

22 f. The lease provides that failure of the lessee to make payments  
 23 of rents due under the lease either creates, establishes, or permits  
 24 establishment of, a lien upon individual condominium units of the  
 25 condominium to secure claims for rent;

26 g. The lease requires an annual rental which exceeds **\*\*[25%]\*\***  
 27 **\*\*20%\*\*** of the appraised value of the leased property as improved;  
 28 provided that for purposes of this **\*\*[paragraph]\*\*** **\*\*subsection\*\***  
 29 "annual rental" means the amount due during the first 12 months  
 30 of the lease for all units regardless of whether such units were in  
 31 fact occupied or sold during that period and "appraised value"  
 32 means the appraised value placed upon the leased property the first  
 33 tax year after the sale of a unit in the condominium;

34 h. The lease provides for a periodic rental increase based upon  
 35 reference to a price index;

36 i. The lease or other condominium documents require that every  
 37 transferee of a condominium unit must assume obligations under  
 38 the lease.

1 3. If any provision of this act or the application thereof to any  
 2 person or circumstance is held invalid, the invalidity shall not affect  
 3 other provisions or applications of the act which can be given effect  
 4 without the invalid provision or application, and to this end the  
 5 provisions of this act are declared severable.

1 **\*[4. When 50% of a planned condominium is occupied or sold,**  
 2 **control of management and budget shall automatically go to the**  
 3 **residents.]\***

1 **\*[5.]\* \*4.\* The *developer shall* **\*\*[include]\*\*** **\*\*separately**  
 2 **state\*\*** in the selling price of a unit in a condominium **\*[shall**  
 3 **include]\*** ***the*** full membership ***fee*** in the condominium associa-  
 4 tion and **\*[shall also include]\*** all recreational membership fees.**

1 **\*[6. The condominium association or the condominium unit**  
 2 **owners shall have the option of renewing the recreational lease**  
 3 **after 20 years or of buying the recreational facilities and subject**  
 4 **real property at a conscionable price.]\***

1 **\*5. When any parking, recreational or other common facility or**  
 2 **area has been leased for the use of the unit owners of a condominium**

3 for 20 years or more, the condominium association or the condo-  
 4 minium unit owners shall have the option of renewing the lease on  
 5 the parking, recreational or other common facility or area or of  
 6 buying such facility or area and subject real property at a conscion-  
 7 able price.\*

1 \*\*6. There is hereby established a rebuttable presumption of  
 2 unconscionability with respect to provisions of contracts for the  
 3 sale of condominium units or of the bylaws of associations which  
 4 shall arise whenever such contract or bylaws shall contain any pro-  
 5 vision affording the developer or the association a right of first  
 6 refusal to buy a condominium unit upon resale by the condominium  
 7 unit owner. Such presumption may be rebutted by the developer  
 8 or the association by the presentation of evidence of the existence  
 9 of facts and circumstances sufficient to justify and validate a pro-  
 10 vision of a contract or of the bylaws which would otherwise appear  
 11 to be unconscionable under the provisions of this section. The pro-  
 12 visions of this section shall be applicable to any contract heretofore  
 13 or hereafter executed for the sale of a condominium unit and to all  
 14 association bylaws heretofore or hereafter adopted pursuant to the  
 15 act to which this act is supplementary.

1 7. The provisions of this act shall not apply to any lease involv-  
 2 ing the use of parking, recreational or other common facilities or  
 3 areas at a condominium project where such parking, recreational  
 4 or other common facilities have been fully completed and in opera-  
 5 tion as of the effective date of this act and the lease therefor is duly  
 6 executed, whether before or after the effective date of this act, by  
 7 the developer and the association.\*\*

1 \*~~7.~~\* \*\*~~6.~~\*\* \*\*8.\*\* This act shall take effect \*~~January 1~~  
 2 next following enactment]\* \*immediately\*.

[SECOND OFFICIAL COPY REPRINT]

ASSEMBLY, No. 176

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1978 SESSION

By Assemblymen KOZLOSKI, VAN WAGNER and FLYNN

A SUPPLEMENT to the "Condominium Act," approved January 7,  
1970 (P. L. 1969, c. 257; C. 46:8B-1 et seq.).

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

1 1. The Legislature **\*\*[expressly finds]\*\*** **\*\*finds and declares\*\***  
2 that many leases involving use of *\*parking,\** recreational or other  
3 common facilities *\*or areas\** by residents of condominiums were  
4 entered into by parties wholly representative of the interests of  
5 a condominium developer at a time when the condominium unit  
6 owners not only did not control the administration of their condo-  
7 minium but also had little or no voice in such administration. Such  
8 leases often contain numerous obligations on the part of either or  
9 both a condominium association and condominium unit owners with  
10 relatively few obligations on the part of the lessor. Such leases  
11 may or may not be unconscionable in any given case. Nevertheless,  
12 the Legislature finds that **\*[a combination of]\*** certain onerous  
13 obligations and circumstances **\*\*[warrants]\*\*** **\*\*warrant\*\*** the  
14 establishment of a rebuttable presumption of unconscionability of  
14A certain leases, as specified in **\*\*[section 2]\*\*** **\*\*this act\*\***. **\*\*[The**  
15 presumption may be rebutted by a lessor upon the showing of  
16 additional facts and circumstances to justify and validate what  
17 otherwise appears to be an unconscionable lease under this section.  
18 Failure of a lease to contain **\*[all]\*** *\*any of the\** enumerated ele-  
19 ments shall neither preclude a determination of unconscionability  
20 of the lease nor raise a presumption as to its conscionability. It is  
21 the intent of the Legislature that this act is remedial and does not  
22 create any new cause of action to invalidate any condominium lease  
23 but shall operate as a statutory prescription on procedural matters  
24 in actions brought on one or more causes of action existing at the  
25 time of the execution of such lease.]\*\*

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

26    *\*\*The Legislature also finds and declares that many contracts*  
27 *for sale of condominium units contain provisions affording the*  
28 *developer or the association a right of first refusal to purchase in*  
29 *the event of resale of condominium units by the purchaser, provi-*  
30 *sions which are in the financial interest of the developer or the*  
31 *association and are designed to limit the freedom of the purchaser*  
32 *to resell the property as he sees fit. Such provisions may or may*  
33 *not be unconscionable in any given case. Nevertheless, the Legis-*  
34 *lature finds that the relative balance between the consideration*  
35 *given the financial interests of the developer or the association and*  
36 *the limitations placed upon the property rights of the purchaser*  
37 *contained in such provisions is such as to warrant the establishment*  
38 *of a rebuttable presumption of unconscionability with respect*  
39 *thereto.\*\**

1    2. **\*\*[A rebuttable presumption of unconscionability in relation**  
1A **to leases involving condominium property such as, but not limited**  
1B **to use by condominium unit owners of \*parking,\* recreational or**  
1C **other common facilities \*or areas\*, irrespective of the date on which**  
2 **such lease was entered into\*,\* shall arise if \*one or more of\* the**  
2A **following elements exist:]\*\***

2B    *\*\*There is hereby established a rebuttable presumption of un-*  
2C *conscionability with respect to leases involving condominium prop-*  
3 *erty, including, but not limited to, leases concerning the use by*  
3A *condominium unit owners of parking, recreational or other common*  
3B *facilities or areas. Such presumption may be rebutted by a lessor*  
3C *by the presentation of evidence of the existence of facts and circum-*  
4 *stances sufficient to justify and validate a lease which would other-*  
4A *wise appear to be unconscionable under the provisions of this sec-*  
4B *tion. A rebuttable presumption of unconscionability shall arise if*  
5 *one or more of the following elements exist, but the failure of a*  
5A *lease to contain any of the following elements shall neither preclude*  
5B *a determination of its unconscionability nor raise a presumption of*  
5C *its conscionability:\*\**

- 6    a. The lease was executed by persons none of whom at the time  
7 of the execution of the lease were elected by condominium unit  
8 owners other than the developer, to represent their interests;
- 9    b. The lease requires either the condominium association or the  
10 condominium unit owners to pay real estate taxes on the subject  
11 real property;
- 12    c. The lease requires either the condominium association or the  
13 condominium unit owners to insure buildings or other facilities  
14 on the subject real property against fire or any other hazard;

15 d. The lease requires either the condominium association or the  
 16 condominium unit owners to perform some or all maintenance  
 17 obligations pertaining to the subject real property or facilities  
 18 located upon the subject real property;

19 e. The lease requires either the condominium association or the  
 20 condominium unit owners to pay rents to the lessor for a period  
 21 of **\*\*[21]\*\*** **\*\*10\*\*** years or more;

22 f. The lease provides that failure of the lessee to make payments  
 23 of rents due under the lease either creates, establishes, or permits  
 24 establishment of, a lien upon individual condominium units of the  
 25 condominium to secure claims for rent;

26 g. The lease requires an annual rental which exceeds **\*\*[25%]\*\***  
 27 **\*\*20%\*\*** of the appraised value of the leased property as improved;  
 28 provided that for purposes of this **\*\*[paragraph]\*\*** **\*\*subsection\*\***  
 29 "annual rental" means the amount due during the first 12 months  
 30 of the lease for all units regardless of whether such units were in  
 31 fact occupied or sold during that period and "appraised value"  
 32 means the appraised value placed upon the leased property the first  
 33 tax year after the sale of a unit in the condominium;

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 35 reference to a price index;

36 i. The lease or other condominium documents require that every  
 37 transferee of a condominium unit must assume obligations under  
 38 the lease.

1 3. If any provision of this act or the application thereof to any  
 2 person or circumstance is held invalid, the invalidity shall not affect  
 3 other provisions or applications of the act which can be given effect  
 4 without the invalid provision or application, and to this end the  
 5 provisions of this act are declared severable.

1 **\*\*[4. When 50% of a planned condominium is occupied or sold,**  
 2 **control of management and budget shall automatically go to the**  
 3 **residents.]\*\***

1 **\*\*[5.]\*\*** **\*4.\*** The *developer shall* **\*\*[include]\*\*** **\*\*separately**  
 2 **state\*\*** in the selling price of a unit in a condominium **\*\*[shall**  
 3 **include]\*\*** **\*the\*** full membership *fee* in the condominium associa-  
 4 tion and **\*\*[shall also include]\*\*** all recreational membership fees.

1 **\*\*[6. The condominium association or the condominium unit**  
 2 **owners shall have the option of renewing the recreational lease**  
 3 **after 20 years or of buying the recreational facilities and subject**  
 4 **real property at a conscionable price.]\*\***

1 **\*5. When any parking, recreational or other common facility or**  
 2 **area has been leased for the use of the unit owners of a condominium**

3 for 20 years or more, the condominium association or the condo-  
4 minium unit owners shall have the option of renewing the lease on  
5 the parking, recreational or other common facility or area or of  
6 buying such facility or area and subject real property at a conscion-  
7 able price.\*

1 \*\*6. There is hereby established a rebuttable presumption of  
2 unconscionability with respect to provisions of contracts for the  
3 sale of condominium units or of the bylaws of associations which  
4 shall arise whenever such contract or bylaws shall contain any pro-  
5 vision affording the developer or the association a right of first  
6 refusal to buy a condominium unit upon resale by the condominium  
7 unit owner. Such presumption may be rebutted by the developer  
8 or the association by the presentation of evidence of the existence  
9 of facts and circumstances sufficient to justify and validate a pro-  
10 vision of a contract or of the bylaws which would otherwise appear  
11 to be unconscionable under the provisions of this section. The pro-  
12 visions of this section shall be applicable to any contract heretofore  
13 or hereafter executed for the sale of a condominium unit and to all  
14 association bylaws heretofore or hereafter adopted pursuant to the  
15 act to which this act is supplementary.

1 7. The provisions of this act shall not apply to any lease involv-  
2 ing the use of parking, recreational or other common facilities or  
3 areas at a condominium project where such parking, recreational  
4 or other common facilities have been fully completed and in opera-  
5 tion as of the effective date of this act and the lease therefor is duly  
6 executed, whether before or after the effective date of this act, by  
7 the developer and the association.\*\*

1 \***[7.]**\* \*\***[\*6.\*]**\*\* \*\*8.\*\* This act shall take effect \***[January 1**  
2 next following enactment]\* *\*immediately\**.

---

DECEMBER 3, 1979

GOVERNOR'S STATEMENT ON RETURNING A-176 TO THE LEGISLATURE FOR RECONSIDERATION

Today I am returning A-176 to the Legislature for reconsideration. This legislation, sponsored by the late Assemblyman Walter Kozloski, would establish a rebuttable presumption of unconscionability if certain elements were found to exist in a lease involving parking, recreational or other common facilities or areas in a condominium development. It also would establish such a presumption with regard to right of first refusal in condominium sales contracts. While the bill offers valuable protection to condominium owners, in my judgment, it should be amended with regard to this latter provision.

My recommended amendments would strengthen the bill in its purpose and intent by making it clear that the provisions of the Planned Real Estate Fall Disclosure Act apply to a right of first refusal in condominium sales contracts. Under the rules implementing that act a developer is not permitted to include a right of first refusal in his sales contracts. Condominium associations are permitted to do so.

Assemblyman Kozloski was an able legislator and I had hoped he would be able to move his bill together with my suggestions through the Legislature toward enactment of his bill. His passing is a loss to all of us.

###

December 3, 1979

ASSEMBLY BILL NO. 176 (2nd OCR)

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14(b) of the Constitution, I return Assembly Bill No. 176 (2nd OCR), with my objections, for reconsideration.

This bill would establish a rebuttable presumption of unconscionability if certain elements were found to exist in a lease involving parking, recreational or other common facilities or areas of a condominium development. Rather than a lessee having to show that a lease is unconscionable, the bill would provide that certain elements in a lease are presumed unconscionable and that the lessor would have to establish that they in fact are not unconscionable.

The bill also would establish a rebuttable presumption of unconscionability with respect to provisions of sales contracts of condominium units and with respect to condominium association bylaws which would arise whenever such sales contract or bylaws contained a provision affording the developer or association the right of first refusal to buy a condominium unit upon resale by the unit owner. While this section is intended to increase protection to condominium owners and purchasers it in fact would weaken the protection presently provided them by the Planned Real Estate Development Disclosure Act, R.S. 45:22A-21 et seq. Under this act the Department of Community Affairs has adopted regulations which prohibit:

A clause or provision giving the developer or his agent the option of repurchase, the right of first refusal or other similar option or right, except in retirement communities where it shall be permitted provided it is at the full purchase price and is exercised within ten days notice (N.J.A.C. 5:26-6.5(j)).

Enactment of the bill in its present form could be interpreted as implicitly overruling this prohibition. The Department of Community Affairs informs me that they have been enforcing the prohibition in all registrations by requiring developers to remove the right of first refusal from all documents. If the condominium owners wish to include such a provision in the bylaws when they assume control of the association they may do so. The unit owner and purchaser would be protected since the presumption of unconscionability would apply in this case. I am recommending that the bill be amended to eliminate the reference concerning the right of first refusal to a developer so that the present regulations under the Planned Real Estate Development Full Disclosure Act would continue to apply. In this manner, the condominium owner would have a greater degree of protection than that which would be afforded by the bill as passed.

STATE OF NEW JERSEY  
EXECUTIVE DEPARTMENT

-2-

Accordingly, I respectfully recommend the following changes in Assembly Bill No. 176 (2nd OCR):

Page 2, Section 1, lines 27 and 28: Delete "the developer or".

Page 2, Section 1, line 30: Delete "the developer or".

Page 2, Section 1, line 35: Delete "the developer or".

Page 4, Section 6, lines 2 and 3: Delete "contracts for the sale  
of condominium units or of".

Page 4, Section 6, line 4: Delete: "contract or".

Page 4, Section 6, line 5: Delete "the developer or".

Page 4, Section 6, lines 7 and 8: Delete "the developer or".

Page 4, Section 6, line 10: Delete "a contract or of".

Page 4, Section 6, lines 12 and 13: Delete "to any contract heretofore  
or hereafter executed for the sale  
of a condominium unit and".

Respectfully,

/s/ Brendan Byrne

GOVERNOR

[seal]

Attest:

/s/ Harold L. Hodes

CHIEF OF STAFF, Secretary

ASSEMBLY AMENDMENTS TO  
**ASSEMBLY, No. 176**  
[SECOND OFFICIAL COPY REPRINT]

**STATE OF NEW JERSEY**

ADOPTED DECEMBER 3, 1979

Amend page 2, section 1, lines 27 and 28, omit "the developer or".

Amend page 2, section 1, line 30, omit "the developer or".

Amend page 2, section 1, line 35, omit "the developer or".

Amend page 4, section 6, lines 2 and 3, omit "contracts for the sale of condominium units or of".

Amend page 4, section 6, line 4, omit "contract or".

Amend page 4, section 6, line 5, omit "the developer or".

Amend page 4, section 6, lines 7 and 8, omit "the developer or".

Amend page 4, section 6, line 10, omit "a contract or of".

Amend page 4, section 6, lines 12 and 13, omit "to any contract heretofore or hereafter executed for the sale of a condominium unit and".

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

JANUARY 17, 1980

PAT SWEENEY

Governor Brendan Byrne today signed the following bills:

A-176, sponsored by the late Assemblyman Walter J. Kozloski (D-Monmouth), which makes various amendments to the "Condominium Act."

This legislation establishes a rebuttable presumption of unconscionability if certain elements are found to exist in a lease involving parking, recreational or other common facilities or areas in a condominium development.

A-267, sponsored by Assemblyman William J. Maguire (R-Union), which provides for the escheat of certain unclaimed pension payments held in State administered pension and retirement systems.

Where the whereabouts of a person remains unknown for five successive years, or where the pension payment remains unchanged for such period, the matter will be referred by the Director of Pensions to the Attorney General, who in turn will institute an action in the name of the State allowing a person having an interest in the money to make a claim for recovery within two years after the filing of a final judgement of escheat

A-675, sponsored by Assemblyman Vincent Ozzie Pellecchia (D-Passaic), which imposes a penalty on insurance companies who fail to return unpaid insurance premiums within a reasonable period to policyholders of cancelled policies.

Failure to make the return within 60 days would result in a penalty of five percent for each month or part thereof.

A-871, sponsored by Assemblyman James W. Bornheimer (D-Middlesex), which permits an officer, director or employee of any bank, directly or indirectly, to be an incorporator of another bank.

A-1144, sponsored by former Assemblyman Daniel F. Newman (D-Ocean) which provides that each contractor, subcontractor, laborer or materialman must sign an express agreement to waive mechanic's lien rights under articles 10 and 11 of Chapter 44 of Title 2A of the New Jersey Statutes.