

Notice from the Department of Community Affairs

Notice of Implementation of Home Improvement Contractor  
Registration Regulations

Take notice that the Contractors' Registration Act (the "Act"), P.L. 2004, c. 16 (N.J.S.A. 56:8-136 et seq.), was enacted on May 13, 2004 amending the Consumer Fraud Act, among other things, to establish a new registration program for home improvement contractors who engage in the business of selling or making home improvements in the State of New Jersey. The Division of Consumer Affairs published a Notice of Adoption of regulations (the "Regulations") in the New Jersey Register (36 N.J.R. 4984(a)) to implement the provisions of the Consumer Fraud Act, as amended by P.L. 2004, c. 16 (N.J.S.A. 56:8-136 et seq.) by providing registration procedures for those persons who fall under the requirements of this law. The Regulations initially became operative on November 9, 2004.

The effective date of the Act was deferred from November 9, 2004 to December 31, 2005 by P.L. 2004, c. 155. The Division published a Notice in the New Jersey Register on January 3, 2005 (37 N.J.R. 87(a)) that advised the public of the delayed effective date of the Act and the rules and advised contractors of the need to register as soon as possible.

The Division estimates that there are at least 25,000 contractors who are required to be registered under the Act. A substantial number of whom have not yet filed applications. Because under the Act home improvement includes any remodeling, altering, painting, repairing, renovating, restoring, moving, demolishing or modernization of or making additions to residential or non-commercial property, some contractors who do this work may not have realized that the law requires them to register under the Act. The Division is engaged in an on going, extensive campaign to educate contractors about the registration requirements.

The Act prohibits municipalities from issuing construction permits for home improvements to any contractor not registered under the Act. The Division is also engaged in an ongoing, extensive campaign to educate municipal officials about the registration requirements.

It is anticipated that many applications for registration will be filed close to the effective date, now December 31, 2005. It is likely that the Division will receive thousands of applications in a short period of time and it may take weeks to process them. Applications submitted may not be complete or may need clarification. The applicant must be notified to submit missing or clarifying information, which will delay the application review process. There will be applications as to which no decision can be made prior to the effective date of the Act.

The Division recognizes a need to minimize disruption and inconvenience to consumers, to allow contractors to complete the registration process while continuing to obtain permits necessary to perform certain work and to give guidance to municipal officials during the implementation of the registration scheme.

Accordingly, for the purpose of compliance with the Act and N.J.A.C. 13:45A-17, effective December 31, 2005, the Division of Consumer Affairs will consider a contractor registered for the purpose of obtaining a construction permit from a municipality when the contractor has, prior to December 31, 2005: 1) filed with the Division a completed application, including the disclosure statement and all documents required to be filed with the application, which has not been denied, 2) the required minimum \$500,000 per occurrence commercial general liability insurance policy in full force and effect, and 3) paid the registration fee and, when applying for a construction permit, provides the appropriate municipal official with a certification attesting to the fact that a completed application for registration has been filed with the Division by December 31, 2005, which as of the date of the certification has not been denied by the Division. Certification forms will be made available by the Division to municipal officials so that they may provide them to home improvement contractors. In addition, contractors will be provided with an advisory that is to be given to the consumer prior to signing of a contract for home improvement services to make the consumer aware of the contractor's registration status and compliance with the Act.

These steps are designed to facilitate the transition to the Statewide registration scheme and ensure that the goals of the Act are met as soon as is feasible.

The Division recommends that contractors file the application, disclosure statement, and accompanying documents with the required fee as soon as possible.