

CONSTRUCTION LAW ALERT

AUGUST 24, 2012

In The Height Of Home Improvement Season, Contractors And Homeowners Alike Should Be Familiar With New Jersey's Home Improvement Contractor Laws

On July 23, 2012, the New Jersey Division of Consumer Affairs ("NJDCA") announced notices of violation to unregistered or non-compliant home improvement contractors. The notices were issued to forty-four contractors and seek nearly \$200,000 in civil penalties for alleged failure to comply with the Contractors Registration Act, *N.J.S.A. 56:8-136, et seq.* The NJDCA release can be found at <http://www.njconsumeraffairs.gov/press/07232012.htm>. The NJDCA notices were issued for failure to register as home improvement contractors, expired registrations, failure to include required provisions in contracts, and failure to perform paid-for work.

The Contractor Registration Act ("Act") makes clear that "no person shall offer to perform, or engage, or attempt to engage in the business of making or selling home improvements unless registered [with the NJDCA]... ." *N.J.S.A. 56:8-138.* Home improvement contractors must also maintain commercial general liability insurance coverage in certain minimum amounts and display registration numbers at their place of business, on advertisements and on business documents including home improvement contracts. Any home improvement contract for work over \$500 must be in writing and signed by all parties. The written contracts must contain the contractors' registration number, certificate

of commercial general liability insurance, the total price, a start and end date for the work, and a notice of cancellation. *N.J.S.A. 56:8-142, 144 and 151.* These requirements, and others, are also contained in the Home Improvement Practices and Home Improvement Contractor Registration regulations, *N.J.A.C. 13:45A-16.1 and 17.1, et seq.*

In addition to civil and criminal penalties, New Jersey's various home improvement laws subject contractors to potential liability to aggrieved consumers under the New Jersey Consumer Fraud Act, *N.J.S.A. 56:8-1 to -20*, and the Truth in Consumer Contract Warranty Notice Act, *N.J.S.A. 56:12-14 to -18.* These statutes provide consumers with the ability to recover actual damages, triple damages, civil penalties, reasonable attorneys fees and costs, and/or the refund of monies acquired by a contractor's unlawful practices.

The recent NJDCA action serves as a reminder to both contractors and consumers of the stringent home improvement regulations and consumer protections. New Jersey home improvement contractors looking to register or reinstate an expired registration should begin by contacting the NJDCA or visiting the NJDCA website at <http://www.njconsumeraffairs.gov/index.htm>. Homeowners looking to hire a contractor

CONSTRUCTION LAW ALERT

should review the NJDCA website to ensure the contractor has a current business registration. Consumers should also check the New Jersey Division of Revenue's website at <https://www.njportal.com/DOR/businessrecords> to verify the business' status and find out who owns and runs the business.

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