NJ Home Improvement Contractor (HIC) Registration Act

—Background—

The New Jersey Contractor Registration Act (N.J.S.A. 56:8-136 et seq.) requires all full and part-time contractors who engage in “home improvements” to annually register with the New Jersey Division of Consumer Affairs as a Home Improvement Contractor (HIC). Additionally, the law provides certain remedies for consumers who are dissatisfied with a contractor and requires registered contractors to have all work covered by detailed written contracts.

Since 2006, municipalities have been barred from issuing construction permits to unregistered HICs. All HICs must register, even those with businesses that have been in operation for years prior to the enactment of the law.

—Who Must Register?—

The law requires all businesses engaged in “home improvements” to annually register with the Division of Consumer Affairs prior to entering into any contracts or performing any work.

The law and regulations define a “home improvement” as “the remodeling, altering, painting, repairing, renovating, restoring, moving, demolishing, or modernizing of residential or noncommercial property or the making of additions thereto, and includes, but is not limited to, the construction, installation, replacement, improvement, or repair of driveways, sidewalks, swimming pools, terraces, patios, landscaping, fences, porches, windows, doors, cabinets, kitchens, bathrooms, garages, basements and basement waterproofing, fire protection devices, security protection devices, central heating and air conditioning equipment, water softeners, heaters, and purifiers, solar heating or water systems, insulation installation, siding, wall-to-wall carpeting or attached or inlaid floor coverings, and other changes, repairs, or improvements made in or on, attached to or forming a part of the residential or noncommercial property, but does not include the construction of a new residence. The term extends to the conversion of existing commercial structures into residential or noncommercial property and includes any of the above activities performed under emergency conditions.”

“Residential or non-commercial property” is defined as a single or multi-unit structure used in whole or in part as a place of residence, and any portion of the lot which is devoted to the residential use of the structure.
—Registration Requirements—

All applicants must use the form provided by the Division. In addition, applicants must complete the disclosure statement page of the application and: (1) provide proof of commercial general liability insurance with a minimum coverage of $500,000 per occurrence, (2) pay an initial registration fee of $110, and (3) certify that they have not been convicted of certain crimes, including but not limited to murder, kidnapping, sexual offenses, fraud or theft-related crimes. Registrations are only valid for one year, after which they may be renewed for an additional year at a cost of $90. After May 1, 2015, contractors seeking renewals must contact their licensing Board/Committee for reinstatement procedures and associated fees.

Please note that all information must be complete in order for the Division to process the initial application. Failure to complete the form in its entirety or failure to include a copy of the general liability policy could lead to substantial delays in processing.

—Exemptions—

The law specifically exempts any person otherwise licensed as an architect, burglar/fire alarm installer, professional engineer, landscape architect, land surveyor, electrical contractor, plumber, locksmith, or any other professional licensed, certified or registered by the state who is acting within the scope of practice of his profession. Additional exemptions apply to the following:

- Any person performing a home improvement upon a residential or non-commercial property he owns, or that is owned by a member of his family, a bona fide charity, or other nonprofit organization;
- Any person who is employed by a community association or cooperative corporation;
- Any public utility (water, gas, electric) as defined under R.S. 48:2-13; and
- Any home improvement retailer with a net worth of more than $50,000,000, or employee of that retailer.

Although the law provides an exemption for new home builders already registered under the “The New Home Warranty and Builders’ Registration Act,” P.L. 1977, c. 467 (C 46:3B-1 et seq.), the Division has expanded the HIC registration requirements to include new home builders who also perform work on existing homes.

—HIC Registrant Requirements—

Once registered, the HIC law requires contractors to prominently display their official New Jersey registration number (listed as NJHIC#) within their places of business (the original registration certificate); in all advertisements; on business documents, contracts and correspondence with consumers; and on all commercial vehicles (on both sides of the vehicle). Likewise, HICs must prominently display a toll-free consumer hotline number operated by the Division on all invoices, contracts and correspondence.
Additionally, the law requires that every home improvement contract for a purchase price in excess of $500, on or after December 31, 2005, shall be in writing and must include:

- the legal business name and address and the sales representative’s name and address;
- a registration number;
- the signatures of all parties (contractor and consumer);
- the total price including finance charges;
- a description of work to be performed and principal products and materials being used;
- a description of any mortgage or security interest to be taken in connection with the financing or sale of the home improvement;
- a statement of any guarantee or warranty with respect to any products, materials, labor or services made by the seller;
- the dates or time periods for when the work will begin and be completed; and
- a copy of the certificate of commercial general liability insurance attached to the contract.

Further, the contract must contain the following notice to the consumer in at least 10-point bold-face type:

**You may cancel this contract at any time before midnight or the third business day after receiving a copy of this contract. If you wish to cancel this contract, you must either:**

1. **Send a signed and dated written notice of cancellation by registered or certified mail, return receipt requested; or**

2. **Personally deliver a signed and dated written notice of cancellation to:**

   (Name, address and phone number of contractor)

   **If you cancel this contract within the three-day period, you are entitled to a full refund of your money. Refunds must be made within 30 days of the contractor’s receipt of the cancellation notice.**

Registered contractors also have an affirmative duty to continuously update their information as a condition of registration.

---*Penalty for Failure to Register*---

Any home improvement contractor who is required to register and failed to do so by December 31, 2005, is prohibited from selling or making home improvements. If the unregistered contractor continues to sell or make home improvements, they may be subject to civil penalties of up to $10,000 for the first offense, and $20,000 for each subsequent offense. Also, anyone who knowingly violates the Act is considered guilty of a crime of the fourth degree and faces additional fines as well as possible jail time.

Applications are available online at the Division website: http://www.njconsumeraffairs.gov/ocp/Applications/Home-Improvement-Contractor-
Application Packet for Initial Registration.pdf or can be obtained by calling the Division of Consumer Affairs at 888-656-6225. Applications are also available from construction officials in most municipalities.

Application status can be obtained by calling 888-656-6225 or 973-424-8150 and speaking with a customer service representative.

—For More Information—

For more information, contact NJBIA’s Member Action Center at 1-800-499-4419, ext. 3 or member411@njbia.org.

Updated: July 28, 2016

This information should not be construed as constituting specific legal advice. It is intended to provide general information about this subject and general compliance strategies. For specific legal advice, NJBIA strongly recommends members consult with their attorney.