

"CAPITAL CONTRIBUTIONS" BILL PASSES IN NEW JERSEY

9/07

After almost a year and a half of discussions and multiple amendments through the legislative process, legislation dealing with capital contributions to defray common expenses was signed by Governor Jon Corzine (D) on September 10, 2007. The bill, sponsored by Assemblyman Frederick Scalera (D-Essex) and Senator Ronald Rice (D-Essex), passed both houses of the Legislature on June 21, 2007, and took effect immediately.

New Jersey [AB 2822/SB 2188](#) permits the imposition of a capital contribution upon the sale or resale of a condominium unit. The CAI-NJ Legislative Action Committee (LAC) had the legislation drafted and introduced in response to the Micheve v. Wyndham Place at Freehold court decision on "capital contributions."

Section 15 of P.L.1969, c.257 (C.46:8B-15) has been amended to read:

If authorized by the master deed or bylaws, the association may levy and collect a capital contribution, membership fee or other charge upon the ¹[resale or transfer] initial sale or subsequent resale¹ of ¹[units] a unit¹. ²which collection shall be earmarked² for the purpose of ²[defraying] maintenance of or improvements to common elements to defray² common expenses ³or otherwise³ ²[or otherwise]². ¹provided that such charge shall not exceed ²[18] nine² times the amount of the most recent monthly common expense assessment for that unit¹.

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

- 1** Assembly AHO committee amendments adopted May 18, 2006.
- 2** Senate SCU committee amendments adopted March 15, 2007.
- 3** Senate floor amendments adopted June 18, 2007.

Additionally, a new section was added:

Any master deed or bylaws provision providing for the imposition and collection of a capital contribution, membership fee or other charge upon the resale or transfer of units prior to the effective date of this act is hereby validated.

Passage of this legislation was due to CAI members and other interested parties communicating with the Governor's office, and to the continued efforts of the state's LAC volunteers.

For specifics regarding this bill and other important state legislative

developments, please view the [Legislative Update](#) provided by Ken Sauter, Esq. (Chair, Legislative Action Committee), or contact the [New Jersey CAI Chapter](#).