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New Jersey's New Home Warranty Program – What does it Cover?

We represent builders and homeowners who have disputes under the New Home Warranty Program. It is imperative that the homeowner timely assert his rights so as not to waive them.

The New Home Warranty and Builders' Registration Act (NJSA 46:3B-1) requires all builders of new homes to register with the State of New Jersey. The law does not apply to remodeled homes, multi-family rental units, or any part of home not used for residential purposes.

Most importantly, the law mandates that the builder provide a qualified warranty on the new home. The warranty covers different items depending on how old the home is:

First Year Coverage

- Performance Standard Defects (carpentry, masonry, concrete, flooring, etc.)
- Appliance, Fixture and Equipment Defects
- Mechanical (heating/ventilating/cooling), Plumbing, Electrical System Defects
- Major Structural Defects (actual damage to load-bearing portion of home)

Second Year Coverage

- Mechanical (heating/ventilating/cooling), Plumbing, Electrical System Defects
- Major Structural Defects

Third through Tenth Year

- Major Structural Defects Only

If the home is sold, and there is still time remaining on the warranty, the owner must give the Warranty Booklet to the new owner along with a signed assignment of the warranty.

Pursuing a Claim under the New Home Warranty Program

The owner must carefully follow the procedures under the warranty if defects are found in the new home. He or she must first offer the builder the opportunity to repair the defects covered by the warranty.

The builder must inspect and repair the defect(s) covered by the warranty within 30 days of the homeowner's notice. If the builder refuses to do so, then the owner must timely pursue a claim under the State New Home Warranty Security Fund. This is a mandatory process in which an arbitrator determines whether the builder is indeed responsible for the alleged defects.

After a claim is filed, the State will provide a neutral arbitrator to visit the home with the builder and homeowner present. This arbitrator will attempt to resolve any conflicts between the builder and homeowner. If there is no agreement reached, the arbitrator will render a legally binding judgment.

If a builder refuses to repair or replace defects as directed by the arbitrator, the State New Home Warranty Fund will pay for correction of the defects in the home. The State will require the homeowner to obtain at least three (3) quotes for the defective work to ensure that pricing is reasonable. The State will then pay the contractor performing the corrective work. All monies paid from the State must be used to perform the corrective work; you cannot pocket the money.