

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 3992

STATE OF NEW JERSEY

DATED: JANUARY 30, 2025

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 3992.

This bill modifies certain requirements concerning the capital reserve study, 30-year funding plan, and capital reserve fund of an association of a planned real estate development (association), required by recently enacted law, P.L.2023, c.214 (C.52:27D-132.2 et al.).

Specifically, the bill requires a proposed 30-year capital reserve funding plan or plans within a capital reserve study, required pursuant to section 7 of P.L.2023, c.214 (C.45:22A-44.3), to allow a capital reserve fund of an association to reach a dollar balance of zero during the 30-year funding plan projection. The bill permits a capital reserve study to provide additional funding plans that have a minimum fund balance greater than zero, or funding plans with escalating annual contributions, provided the reserve fund balance is not projected to fall below zero dollars.

Further, the bill defines the terms "adequate" and "adequacy" to mean a sum of money, however invested or held by an association of a planned real estate development, that, in accordance with the professional standards applied by the reserve specialist, architect, or engineer performing or overseeing the study, is sufficient so that the balance in the association's reserve fund will not fall below zero dollars as set forth in the association's 30-year funding plan, prepared as part of a reserve study.

The bill requires an association of a planned real estate development, instead of a covered building owner, to ensure that a capital reserve study is reviewed by a licensed architect, engineer, or credentialed reserve specialist and that a capital reserve study is conducted and reviewed at least once every five years.