SENATE, No. 2191

STATE OF NEW JERSEY

222nd LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2026 SESSION

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SYNOPSIS

Expands liability of certain individuals associated with limited liability companies and other commercial entities, when acting as residential landlord.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.

AN ACT concerning rental housing and liability of individuals associated with limited liability companies and other commercial entities, and supplementing and amending various parts of the statutory law.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. (New section) a. A court may hold a corporation, limited liability company, or other legal or commercial entity liable for charges issued to that entity pursuant to a housing code, building code, or health code.

b. Notwithstanding any provision of section 30 of the "Revised Uniform Limited Liability Company Act," P.L.2012, c.50 (C.42:2C-30), or any other provision of law to the contrary, with regard to any charge issued following the effective date of P.L. , c. (C.) (pending before the Legislature as this bill), a court may hold the members of a member-managed limited liability company, the managers of a manager-managed limited liability company, and the directors and officers of a corporation, jointly and severally liable for housing code, building code, or health code charges, so long as:

(1) there are at least three charges concerning the property leased by the entity for residential purposes;

(2) at least three charges remain unpaid on the first day of the thirteenth month next following the due date of the first charge;

(3) notice of the charge and impending enforcement under this section has been issued to the address of the record owner, the registered agent, the managing agent, the members and managers in the case of a limited liability company, the directors and officers in the case of a corporation, and each holder of a recorded mortgage and other existing lienholders, if provided within the landlord's registration information pursuant to section 2 of P.L.1974, c.50 (C.46:8-28). If the landlord is not registered, in violation of section 2 of P.L.1974, c.50 (C.46:8-28), then the notice required under this paragraph shall not apply. The notice provided to an individual pursuant to this paragraph shall be sufficient even if the corporation or limited liability company ceases to own the property, so long as the same individual has a role as a registered agent, managing agent, member, manager, director, or officer of the commercial entity serving as the new owner of the property;

(4) the individual, if a member of a member-managed limited liability company, possesses at least a 10 percent interest in the business; and

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 <u>thus</u> is new matter.

(5) the individual does not successfully assert an affirmative defense pursuant to subsection c. of this section.

c. It is an affirmative defense to joint and several liability under this section, if the defendant did not have the ability to ensure payment of the charge, due to a limited duration of involvement with the commercial entity or for another reason, if determined by the court to eliminate the defendant's culpability for the non-payment of the charge.

d. As used in this section, "charge" means any fee, fine, penalty, or other charge issued to a landlord, concerning residential property leased by the landlord, pursuant to a housing, building, or health code.

2. (New section) a. A court may hold a corporation, limited liability company, or other legal or commercial entity liable for charges issued to that entity pursuant to the "Hotel and Multiple Dwelling Law," P.L.1967, c.76 (C.55:13A-1 et seq.).

b. Notwithstanding any provision of section 30 of the "Revised Uniform Limited Liability Company Act," P.L.2012, c.50 (C.42:2C-30), or any other provision of law to the contrary, with regard to any charge issued following the effective date of P.L. , c. (C.) (pending before the Legislature as this bill), a court may hold the members of a member-managed limited liability company, the managers of a manager-managed limited liability company, and the directors and officers of a corporation, jointly and severally liable for charges issued pursuant to the "Hotel and Multiple Dwelling Law," P.L.1967, c.76 (C.55:13A-1 et seq.), so long as:

(1) there are at least three charges concerning the property leased by the entity for residential purposes;

(2) at least three charges remain unpaid on the first day of the thirteenth month next following the due date of the first charge;

(3) notice of the charge and impending enforcement under this section has been issued to the address of the record owner, the registered agent, the managing agent, the members and managers in the case of a limited liability company, the directors and officers in the case of a corporation, and each holder of a recorded mortgage and other existing lienholders, if provided within the landlord's registration information pursuant to section 2 of P.L.1974, c.50 (C.46:8-28). If the landlord is not registered, in violation of section 2 of P.L.1974, c.50 (C.46:8-28), then the notice required under this paragraph shall not apply. The notice provided to an individual pursuant to this paragraph shall be sufficient even if the corporation or limited liability company ceases to own the property, so long as the same individual has a role as a registered agent, managing agent, member, manager, director, or officer of the commercial entity serving as the new owner of the property;

(4) the individual, if a member of a member-managed limited liability company, possesses at least a 10 percent interest in the business; and

(5) the individual does not successfully assert an affirmative defense pursuant to subsection c. of this section.

c. It is an affirmative defense to joint and several liability under this section, if the defendant did not have the ability to ensure payment of the charge, due to a limited duration of involvement with the commercial entity or for another reason, if determined by the court to eliminate the defendant's culpability for the non-payment of the charge.

d. As used in this section, "charge" means any fee, fine, penalty, or other charge issued to a landlord, concerning residential property leased by the landlord, pursuant to the "Hotel and Multiple Dwelling Law," P.L.1967, c.76 (C.55:13A-1 et seq.).

3. (New section) a. With regard to any charge issued following the effective date of P.L. , c. (C.) (pending before the Legislature as this bill), the directors of a corporation shall be jointly and severally liable for:

(1) housing code, building code, or health code charges, so long as the conditions under subsection b. of section 1 of P.L. , c. (C.) (pending before the Legislature as this bill) have been satisfied; and

(2) charges issued pursuant to the "Hotel and Multiple Dwelling Law," P.L.1967, c.76 (C.55:13A-1 et seq.), so long as the conditions under subsection b. of section 2 of P.L. , c. (C.) (pending before the Legislature as this bill) have been satisfied.

b. As used in this section, "charge" means any fee, fine, penalty, or other charge issued to a landlord, concerning residential property leased by the landlord, pursuant to a housing, building, or health code, and any charge issued pursuant to the "Hotel and Multiple Dwelling Law," P.L.1967, c.76 (C.55:13A-1 et seq.).

4. (New section) a. With regard to any charge issued following the effective date of P.L. , c. (C.) (pending before the Legislature as this bill), the officers of a corporation shall be jointly and severally liable for:

(1) housing code, building code, or health code charges, so long as the conditions under subsection b. of section 1 of P.L. , c. (C.) (pending before the Legislature as this bill) have been satisfied; and

(2) charges issued pursuant to the "Hotel and Multiple Dwelling Law," P.L.1967, c.76 (C.55:13A-1 et seq.), so long as the conditions under subsection b. of section 2 of P.L. , c. (C.) (pending before the Legislature as this bill) have been satisfied.

b. As used in this section, "charge" means any fee, fine, penalty, or other charge issued to a landlord, concerning residential

property leased by the landlord, pursuant to a housing, building, or health code, and any charge issued pursuant to the "Hotel and Multiple Dwelling Law," P.L.1967, c.76 (C.55:13A-1 et seq.)

5. Section 30 of P.L.2012, c.50 (C.42:2C-30) is amended to read as follows:

30. a. The debts, obligations, or other liabilities of a limited liability company, whether arising in contract, tort, or otherwise:

(1) are solely the debts, obligations, or other liabilities of the company; and

(2) do not become the debts, obligations, or other liabilities of a member or manager solely by reason of the member acting as a member or manager acting as a manager.

b. The failure of a limited liability company to observe any particular formalities relating to the exercise of its powers or management of its activities is not a ground for imposing liability on the members or managers for the debts, obligations, or other liabilities of the company.

c. Notwithstanding any provision of this section to the contrary, with regard to any charge issued following the effective date of P.L., c. (C.) (pending before the Legislature as this bill), the members of a member-managed limited liability company who possess at least a 10 percent interest in the business, and the managers of a manager-managed limited liability company, shall be jointly and severally liable for:

(1) housing code, building code, or health code charges, so long as the conditions under subsection b. of section 1 of P.L. , c. (C.) (pending before the Legislature as this bill) have been satisfied; and

(2) charges issued pursuant to the "Hotel and Multiple Dwelling Law," P.L.1967, c.76 (C.55:13A-1 et seq.), so long as the conditions under subsection b. of section 2 of P.L. , c. (C.) (pending before the Legislature as this bill) have been satisfied.

(cf: P.L.2012, c.50, s.30)

6. Section 2 of P.L.1974, c.50 (C.46:8-28) is amended to read as follows:

2. Every landlord shall, within 30 days following the effective date of [this act] P.L.1974, c.50 (C.46:8-28), or at the time of the creation of the first tenancy in any newly constructed or reconstructed building, file with the clerk of the municipality, or with such other municipal official as is designated by the clerk, in which the residential property is situated, in the case of a one-dwelling unit rental or a two-dwelling unit non-owner occupied premises, or with the Bureau of Housing Inspection in the Department of Community Affairs in the case of a multiple dwelling as defined in section 3 of the "Hotel and Multiple Dwelling Law" (C.55:13A-3), a certificate of registration on forms

prescribed by the Commissioner of Community Affairs, which shall contain the following information:

a. The name and address of the record owner or owners of the premises and the record owner or owners of the rental business if not the same persons. In the case of a partnership the names of all general partners shall be provided;

b. If the record owner is a corporation, a limited liability company, or any other legal or commercial entity, the name and address of the registered agent, the members with at least a 10 percent interest in a member-managed limited liability company, the managers of a manager-managed limited liability company, and **[**corporate**]** the officers **[**of said corporation**]** and directors of a corporation, as applicable;

c. If the address of any record owner is not located in the county in which the premises are located, the name and address of a person who resides in the county in which the premises are located and is authorized to accept notices from a tenant and to issue receipts therefor and to accept service of process on behalf of the record owner;

d. The name and address of the managing agent of the premises, if any;

e. The name and address, including the dwelling unit, apartment or room number of the superintendent, janitor, custodian or other individual employed by the record owner or managing agent to provide regular maintenance service, if any;

f. The name, address and telephone number of an individual representative of the record owner or managing agent who may be reached or contacted at any time in the event of an emergency affecting the premises or any unit of dwelling space therein, including such emergencies as the failure of any essential service or system, and who has the authority to make emergency decisions concerning the building and any repair thereto or expenditure in connection therewith and shall, at all times, have access to a current list of building tenants that shall be made available to emergency personnel as required in the event of an emergency;

g. The name and address of every holder of a recorded mortgage on the premises;

h. If fuel oil is used to heat the building and the landlord furnishes the heat in the building, the name and address of the fuel oil dealer servicing the building and the grade of fuel oil used.

(cf: P.L.2003, c.56, s.2)

7. Section 3 of P.L.1981, c.442 (C.46:8-28.1) is amended to read as follows:

3. In the case of a filing under section 2 of P.L.1974, c.50 (C.46:8-28) with the municipal clerk, or with such other municipal official as is designated by the clerk, the clerk or designated official shall index and file the certificate **[**and**]** , make it reasonably

available for public inspection, and shall notify the construction official, appointed pursuant to section 8 of P.L.1975, c.217 (C.52:27D-126), and the Director of the Division of Taxation in the Department of the Treasury, of the name and address of the record owner, and registered agent as applicable. In the case of a filing with the Bureau of Housing Inspection, the filing shall be accompanied by the filing fee required pursuant to section 12 of P.L.1967, c. 76 (C. 55:13A-12). The bureau shall review the certificate and, if it is found to be in conformity with this law and any regulations promulgated hereunder, validate the certificate and issue a validated copy to the landlord and a validated copy to the clerk of the municipality in which the building or project is located. The clerk shall index the validated certificates, or forward them to the designated official for indexing, and the certificates shall be made available as with the certificates required of one and two dwelling unit nonowner occupied premises.
(cf: P.L.2001, c.264, s.2)

8. (New section) a. A municipality may direct by ordinance of the governing body that any charge issued to a landlord pursuant to a housing code, building code, or health code, concerning residential property leased by the landlord, shall become a lien on the property, enforceable in the manner provided for real property tax liens in chapter 5 of Title 54 of the Revised Statutes, if the charge remains unpaid on the first day of the thirteenth month next following the date when the charge becomes due and owing. At least 90 days prior to filing an unpaid charge as a municipal lien against the property pursuant to this section, the municipality shall serve written notice to the property owner, and the other parties in interest, indicating that if the charge remains unpaid it shall be converted into a municipal lien, and shall provide the owner the opportunity to pay the fine or request a hearing before a court of competent jurisdiction. If the landlord is not registered, in violation of section 2 of P.L.1974, c.50 (C.46:8-28), then this additional notice requirement concerning the landlord shall not apply prior to conversion into a municipal lien. In a municipality that has adopted an ordinance under this subsection, at the time when the charge becomes a lien, the municipal officer responsible for housing code enforcement shall file a copy of the lien and certification with the municipal tax collector. This lien shall be added to and become and form part of the taxes next to be assessed and levied upon such dwelling or lands, the same to bear interest at the same rate as taxes, and shall be collected and enforced by the same officers and in the same manner as taxes.

b. As used in this section, “charge” means any fee, fine, penalty, or other charge issued to a landlord, concerning residential property leased by the landlord, pursuant to a housing, building, or health code.

9. This act shall take effect immediately.

STATEMENT

This bill expands the liability of certain individuals associated with limited liability companies and other commercial entities in relation to residential properties that they lease.

Specifically, the bill provides that, in addition to retaining the ability to hold a commercial entity itself liable for housing, building, and health code charges, and charges issued under the "Hotel and Multiple Dwelling Law," (“HMDL”) P.L.1967, c.76 (C.55:13A-1 et seq.), a court may hold certain members of a member-managed limited liability company, the managers of a manager-managed limited liability company, and the directors and officers of a corporation, jointly and severally liable for such charges, so long as:

(1) there are at least three charges concerning the property leased by the entity for residential purposes;

(2) at least three charges remain unpaid on the first day of the thirteenth month following the due date of the first charge;

(3) notice of the charge and impending enforcement has been issued to the address of the record owner, the registered agent, the managing agent, the members in the case of a limited liability company, the directors and officers in the case of a corporation, and each holder of a recorded mortgage and other existing lienholders, if provided within the landlord’s registration information. If the landlord is not registered, in violation of section 2 of P.L.1974, c.50 (C.46:8-28), then this notice requirement would not apply. The notice provided to an individual would be sufficient even if the commercial entity ceases to own the property, so long as the same individual has a role as a registered agent, managing agent, member, manager, director, or officer of the property’s new owner;

(4) the individual, if a member of a member-managed limited liability company, possesses at least a 10 percent interest in the business and

(5) the defendant does not successfully assert an affirmative defense showing a lack of ability to ensure payment of the charge.

Additionally, landlord registration requirements, under section 2 of P.L.1974, c.50 (C.46:8-28), currently require submission of the name and address of a registered agent who may accept service of process if the landlord is a corporation. This bill requires a landlord organized as any other legal or commercial entity, to also submit the name and address of a registered agent, as well as the name and address of the members of a member-managed limited liability company who possess at least a 10 percent interest in the business, and the officers and directors in the case of a corporation, when registering as a landlord.

Upon filing this information, the bill requires the municipal clerk to notify the construction official and the Director of the Division of Taxation in the Department of the Treasury of the name and address of the record owner, and registered agent as applicable.

Finally, this bill allows municipalities to amend their housing, building, and health codes to direct that any charge issued to a landlord for violating the code may, after serving notice, be enforced as a lien on the property. However, enforcement as a lien would only be permitted if the charge remains unpaid on the first day of the thirteenth month following the due date of the charge.