



New Jersey Department of Community Affairs Division of Codes and Standards Landlord-Tenant Information Service



PLAIN LANGUAGE REVIEW ACT **N.J.S.A. 56:12-1 TO 56:12-13**

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56:12-1. Definitions

As used in this act:

"Consumer contract" means a written agreement in which an individual:

- a. Leases or licenses real or personal property;
- b. Obtains credit;
- c. Obtains insurance coverage, except insurance coverage contained in policies subject to the "Life and Health Insurance Policy Language Simplification Act" (P.L.1979, c. 167, C. 17B:17-17 et seq.);
- d. Borrows money;
- e. Purchases real or personal property;
- f. Contracts for services including professional services,

for cash or on credit and the money, property or services are obtained for personal, family or household purposes. "Consumer contract" includes writings required to complete the consumer transaction. "Consumer contract" does not include a written agreement involving a transaction in securities with a broker-dealer registered with the Securities and Exchange Commission, or a transaction in commodities with a futures commission merchant registered with the Commodities Futures Trading Commission.

L.1980, c. 125, s. 1, eff. Oct. 16, 1980. Amended by L.1981, c. 464, s. 1; L.1982, c. 195, s. 1, eff. Dec. 8, 1982.

56:12-2. Contracts to be written in simple, clear, understandable and easily readable way

A consumer contract entered into on or after the effective date of this amendatory and supplementary act shall be written in a simple, clear, understandable and easily readable way. In determining whether a consumer contract has been written in a simple, clear, understandable and easily readable way as a whole, a court, the Attorney General or the Commissioner of Insurance, in regard to contracts of insurance provided for in subsection c. of section 1 of this act (C. 56:12-1c.), shall take into consideration the guidelines set forth in section 10 of this act. Use of technical terms or words of art shall not in and of itself be a violation of this act.

L.1980, c. 125, s. 2, eff. Oct. 16, 1980. Amended by L.1981, c. 464, s. 2; L.1982, c. 88, s. 1, eff. July 23, 1982.

56:12-2.1 Cost of residential construction permits, disclosure by contractor; violations, penalties.

1. a. The final invoice regarding a consumer contract for construction or reconstruction at a residential premises shall contain a disclosure by the contractor of the cost of construction permits required to complete the construction or reconstruction of the residential premises, and the amount of any administrative or processing fees that the contractor will charge to obtain the required permits which amount shall not exceed the cost to the contractor to obtain the permit and to record any necessary documents. For the purpose of this section, "construction or reconstruction" means any work on a residence which will require a permit to be obtained under the "State Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.), or regulations promulgated thereto, but excluding work on any new home subject to the "New Home Warranty and Builders' Registration Act," P.L.1977, c.467 (C.46:3B-1 et seq.) and for which a certificate of occupancy has been issued

b. Upon written complaint filed by a consumer with the Division of Consumer Affairs in the Department of Law and Public Safety, a contractor found to be in violation of this provision shall be subject to a \$500 penalty for each separate violation to be enforced pursuant to the "Penalty Enforcement Law of 1999," P.L.1999, c.274 (C.2A:58-10 et seq.).

L.2005,c.291,s.1.

56:12-3. Failure to comply; liability

A creditor, seller, insurer or lessor who fails to comply with section 2 of this act shall be liable to a consumer who is a party to the consumer contract for actual damages sustained, if the violation caused the consumer to be substantially confused about the rights, obligations or remedies of the contract, plus punitive damages in an amount up to \$50.00. The creditor, seller, insurer or lessor shall also be liable for the consumer's reasonable attorney's fees and costs, not to exceed \$2,500.00.

L.1980, c. 125, s. 3, eff. Oct. 16, 1980. Amended by L.1981, c. 464, s. 3.

56:12-4. Class actions; limitation on punitive damages

Class actions may be brought under the provisions of this act, but the amount of punitive damages shall be limited to \$10,000.00 against any one seller, lessor, insurer or creditor and the amount of attorney's fees may not exceed \$10,000.00.

L.1980, c. 125, s. 4, eff. Oct. 16, 1980. Amended by L.1981, c. 464, s. 4.

56:12-4.1. Reform or limit of provision of consumer contract by court; findings

In addition to the remedies provided in this act, a court reviewing a consumer contract may reform or limit a provision so as to avoid an unfair result if it finds that:

- a. a material provision of the contract violates this act;
- b. the violation caused the consumer to be substantially confused about any of the rights, obligations or remedies of the contract; and
- c. the violation has caused or is likely to cause financial detriment to the consumer.

If the court reforms or limits a provision of a consumer contract, the court shall also make orders necessary to avoid unjust enrichment. Bringing a claim for relief pursuant to this section does not entitle a consumer to withhold performance of an otherwise valid contractual obligation. No relief shall be granted pursuant to this section unless the claim is brought before the obligations of the contract have been fully performed.

L.1981, c. 464, s. 9.

56:12-5. Nonliability conditions

There shall be no liability under sections 3 and 4 if: a. both parties to the contract have performed their obligations under the contract, b. the creditor, seller, insurer or lessor attempts in good faith to comply with this act in preparing the consumer contract, c. the contract is in conformity with a rule, regulation, or the opinion or interpretation of the Attorney General or the Commissioner of Insurance, in regard to contracts of insurance provided for in subsection c. of section 1 of this act (C. 56:12-1c.), or d. the consumer supplied the contract or the portion of the contract to which the consumer objects.

L.1980, c. 125, s. 5, eff. Oct. 16, 1980. Amended by L.1981, c. 464, s. 5; L.1982, c. 88, s. 2, eff. July 23, 1982.

56:12-6. Use of specific language

The use of specific language in a consumer contract required, permitted or approved by a law, regulation, rule or published interpretation of a State or Federal agency shall not violate this act.

L.1980, c. 125, s. 6, eff. Oct. 16, 1980.

56:12-7. Other claims not precluded

This act shall not preclude a debtor, buyer, insured or lessee from making any claims which would have been available to him if this act were not in effect.

L.1980, c. 125, s. 7, eff. Oct. 16, 1980.

56:12-8. Opinions on compliance of consumer contracts; review by attorney general; certification; fee

a. A creditor, seller, insurer, lessor or any person in the business of preparing and selling forms of consumer contracts may request an opinion from the Attorney General, or the Commissioner of Insurance, in regard to contracts of insurance provided for in subsection c. of section 1 of this act (C. 56:12-1c.), as to whether a consumer contract complies with this act.

The Attorney General or the Commissioner of Insurance, as the case may be, shall furnish the opinion within a reasonable period of time.

b. After reviewing the contract the Attorney General or the Commissioner of Insurance, as the case may be, shall: (1) certify that the contract complies with this act; (2) decline to certify that the contract complies with this act and note his objections to the contractual language; (3) decline to review the contract and refer the party submitting the contract to other previously certified contracts of the same type; (4) decline to review the contract because the contract's compliance with this act is the subject of pending litigation; or (5) decline to review the contract because the contract is not subject to this act.

c. Actions of the Attorney General or the Commissioner of Insurance, as the case may be, pursuant to this section are not appealable.

d. Any consumer contract certified pursuant to this section is deemed to comply with this act. Certification of a consumer contract pursuant to this section is not otherwise an approval of the contract's legality or legal effect.

e. Failure to submit a contract to the Attorney General or the Commissioner of Insurance, as the case may be, for review pursuant to this section does not show a lack of good faith nor does it raise a presumption that the contract violates this act. If pursuant to this section the Attorney General or the Commissioner of Insurance, as the case may be, refers a party to a previously certified contract, that the party chooses not to use the contract does not show a lack of good faith nor does it raise a presumption that a contract used by that party violated this act.

f. The Attorney General or the Commissioner of Insurance, as the case may be, may charge a fee, not to exceed \$50.00, for the costs of reviewing a consumer contract pursuant to this section.

L.1980, c. 125, s. 8, eff. Oct. 16, 1980. Amended by L.1981, c. 464, s. 6; L.1982, c. 88, s. 3, eff. July 23, 1982.

56:12-8.2. Power of commissioner of insurance to review and certify insurance contracts; effect on prior certification by Attorney General

The transfer to the Commissioner of Insurance of the power and duty to review and certify contracts of insurance provided for in subsection c. of section 1 of P.L.1980, c. 125 (C. 56:12-

1c.) shall not affect any certification made by the Attorney General prior to the effective date of this act.

L.1982, c. 88, s. 7, eff. July 23, 1982.

56:12-9. Application to dollar limitation on consumer contracts; nonapplication to real estate or insurance contracts

This act shall not apply to consumer contracts involving amounts of more than \$50,000.00, but no dollar limitation shall apply to consumer contracts involving real estate or insurance.

L.1980, c. 125, s. 9, eff. Oct. 16, 1980.

56:12-10. Guidelines

a. To insure that a consumer contract shall be simple, clear, understandable and easily readable, the following are examples of guidelines that a court, the Attorney General or the Commissioner of Insurance, in regard to contracts of insurance provided for in subsection c. of section 1 of this act (C. 56:12-1c.), may consider in determining whether a consumer contract as a whole complies with this act:

- (1) Cross references that are confusing;
- (2) Sentences that are of greater length than necessary;
- (3) Sentences that contain double negatives and exceptions to exceptions;
- (4) Sentences and sections that are in a confusing or illogical order;
- (5) The use of words with obsolete meanings or words that differ in their legal meaning from their common ordinary meaning;
- (6) Frequent use of Old English and Middle English words and Latin and French phrases.

b. The following are examples of guidelines that a court, the Attorney General or the Commissioner of Insurance, in regard to contracts of insurance provided for in subsection c. of section 1 of this act (C. 56:12-1c.), may consider in determining whether the consumer contract as a whole complies with this act:

- (1) Sections shall be logically divided and captioned;
- (2) A table of contents or alphabetical index shall be used for all contracts with more than 3,000 words;
- (3) Conditions and exceptions to the main promise of the agreement shall be given equal prominence with the main promise, and shall be in at least 10 point type.

L.1980, c. 125, s. 10, eff. Oct. 16, 1980. Amended by L.1981, c. 464, s. 7; L.1982, c. 88, s. 4, eff. July 23, 1982.

56:12-11. Waiver of rights under act; effect of violation of act

No consumer contract shall contain a waiver of any rights under this act. A violation of this act will not render any consumer contract void or voidable, or serve as a defense in an action to enforce the consumer contract for breach thereof.

L.1980, c. 125, s. 11, eff. Oct. 16, 1980.

56:12-12. Injunctions; attorney fees and court costs

12. The Office of the Attorney General, the Division of Consumer Affairs, the Department of the Public Advocate, the Commissioner of Banking and Insurance, in regard to contracts of insurance provided for in subsection c. of section 1 of this act (C.56:12-1), or any interested person may seek injunctive relief. The court may authorize reasonable attorney's fees, not to exceed \$2,500.00, and court costs in such a proceeding.

L.1980,c.125,s.12; amended 1981, c.464, s.8 (s.11 amended 1982, c.88, s.6); 1982, c.88, s.5; 1994, c.58, s.56; 2005, c.155, s.96.

56:12-13. Severability

If any provision of this act, or its application to any person or circumstances, is held invalid, the remainder of the act and its application to other persons or circumstances shall not be affected.

L.1980, c. 125, s. 13, eff. Oct. 16, 1980.