

17:10-2 et al.

LEGISLATIVE HISTORY CHECKLIST

NJSA 17:10-2 et al.

Laws of 1975 Chapter 46

Bill No. A1517

Sponsor(s) Bornheimer & 19 Others

Date Introduced April 4, 1974

Committee: Assembly Banking & Insurance
Senate Law, Public Safety & Defense

Amended during passage Yes No

Date of passage: Assembly May 9, 1974

Senate May 16, 1974

Date of approval April 3, 1975

Following statements are attached if available:

Sponsor statement Yes No

Committee Statement: Assembly Yes No

Senate Yes No

Fiscal Note Yes No

Veto message Yes No

Message on signing Yes No

Following were printed:

Reports Yes No

Hearings Yes No

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ASSEMBLY, No. 1517

STATE OF NEW JERSEY

INTRODUCED APRIL 4, 1974

By Assemblymen BORNHEIMER, GARRUBBO, McCARTHY, GREGORIO, D'AMBROSA, HAMILTON, PATERO, CODEY, HAWKINS, McMANIMON, NERI, GEWERTZ, GORMAN, STEWART, GALLAGHER, Assemblywoman CROCE, Assemblymen WEIDEL, RIZZOLO, KARCHER and OTLOWSKI.

Referred to Committee on Banking and Insurance

AN ACT concerning the small loan business and amending sections 17:10-2, 17:10-13, 17:10-14, 17:10-16, 17:10-17, 17:10-19 and 17:10-20 of the Revised Statutes.

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

1 R. S. 17:10-2 is amended to read as follows:

2 17:10-2. Loan business to be licensed; scope of chapter. No
3 person, copartnership, association or corporation shall engage in
4 the business of making loans of money, credit, goods, or things in
5 action in the amount or of the value of **[\$1,000.00]** \$2,500.00 or less
6 and charge, contract for, or receive a greater rate of interest,
7 discount, or consideration therefor than the lender would be per-
8 mitted by law to charge if he were not a licensee hereunder, except
9 as authorized by this chapter and without first obtaining a license
10 from the commissioner.

11 Any person, copartnership, association or corporation directly
12 or indirectly engaging in the business of soliciting or taking appli-
13 cations for such loans of **[\$1,000.00]** \$2,500.00 or less, or in the
14 business of negotiating or arranging or aiding the borrower or
15 lender in procuring or making such loans of **[\$1,000.00]** \$2,500.00
16 or less, or in the business of buying, discounting or indorsing notes
17 or of furnishing or procuring guarantee or security for compensa-
18 tion in amounts of **[\$1,000.00]** \$2,500.00 or less shall be deemed
19 to be engaging in the business of making loans subject to the
20 provisions of this chapter.

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

1 2. R. S. 17:10-13 is amended to read as follows:

2 17:10-13. Restrictions upon license; contract provisions for
3 payments in installments. No licensee shall advertise, print, dis-
4 play, publish, distribute, telecast or broadcast, or permit to be
5 advertised, printed, displayed, published, distributed, telecast or
6 broadcast, any statement or representation which refers to the
7 supervision by the State of the business licensed hereunder. No
8 licensee or any other person shall knowingly in any such manner
9 make or permit to be made any statement or representation with
10 regard to the rates, terms, or conditions for making loans in the
11 sum of ~~[\$1,000.00]~~ \$2,500.00 or less, which is false, misleading, or
12 deceptive.

13 No licensee shall make any loan upon security of any assignment
14 of or order for the payment of any salary, wages, commissions or
15 other compensation for services earned, or to be earned, nor shall
16 any such assignment or order be taken by a licensee at any time
17 in connection with any loan, or for the enforcement of repayment
18 thereof, and any such assignment or order hereafter so taken or
19 given to secure any loan made by any licensee under this chapter
20 shall be void and of no effect.

21 No licensee shall take a lien upon real estate as security for any
22 loan under the provisions of this chapter, except such lien as is
23 created by law upon the recording of a judgment.

24 No licensee shall conduct the business of making loans under the
25 provisions of this chapter within any office, room, or place of
26 business in which any other business is solicited or engaged in,
27 or in association or conjunction therewith, except as may be autho-
28 rized in writing by the commissioner.

29 No licensee shall transact such business or make any loan pro-
30 vided for by this chapter under any other name or at any other
31 place of business than that named in the license.

32 No licensee which is a corporation shall publicly sell or offer
33 for sale within this State any of its capital stock without the
34 written approval of the commissioner first obtained.

35 Every loan contract shall provide for repayment of principal and
36 interest combined in installments which shall be payable at approxi-
37 mately equal periodic intervals of time and which shall be so
38 arranged that no installment is substantially greater in amount
39 than any preceding installment, except that the repayment schedule
40 may reduce or omit such installments when necessary because of
41 the seasonal nature of the borrower's income.

1 3. R. S. 17:10-14 is amended to read as follows:

2 17:10-14. Amount of loan; interest; other charges; effect of
3 violations. Every licensee hereunder may loan any sum of money
4 not exceeding ~~【\$1,000.00】~~ \$2,500.00, repayable in installments, and
5 may charge, contract for and receive thereon interest at an annual
6 percentage rate not exceeding 24% on that part of the unpaid prin-
7 cipal balance not exceeding \$500.00, and 22% *on that part of the*
8 *unpaid principal balance in excess of \$500.00 but not in excess of*
9 *\$1,500.00, and 18%* on any remainder of such unpaid principal
10 balance.

11 The interest and periodic payments for loans at these maximum
12 rates shall be computed from standard tables based on the actuarial
13 or annuity method which conforms to the so-called "United States
14 Rule of Partial Payments," which provides that interest shall be
15 calculated whenever a payment is made and the payment shall be
16 first applied to the payment of interest and if it exceeds the interest
17 due, the balance is to be applied to diminish principal. If the pay-
18 ment is insufficient to pay the entire amount of interest, the balance
19 of interest due shall not be added to principal, so as to produce
20 interest thereon.

21 No interest shall be paid, deducted, or received in advance. In-
22 terest shall not be compounded and shall be computed only on
23 unpaid principal balances. For the purpose of computing interest,
24 whether at the maximum rate or less, a month shall be considered a
25 calendar month and where a fraction of a month is involved a day
26 shall be considered one-thirtieth of a month.

27 No licensee shall induce or permit any person, nor any husband
28 and wife, jointly or severally, to become obligated, directly or con-
29 tingently or both, under more than one contract of loan at the same
30 time for the purpose of obtaining a higher rate of interest than
31 would otherwise be permitted by this section.

32 In addition to the interest herein provided for no further or
33 other charge, or amount whatsoever for any examination, service,
34 brokerage, commission, expense, fee, or bonus or other thing or
35 otherwise shall be directly or indirectly charged, contracted for,
36 or received, except (1) amounts for insurance obtained or provided
37 by the licensee in accordance with the provisions of this chapter;
38 and (2) on actual sale of the security in foreclosure proceedings or
39 upon the entry of judgment. If any interest, consideration or
40 charges in excess of those permitted by this chapter are charged,
41 contracted for, or received the contract of loan shall be void and

42 the licensee shall have no right to collect or receive any principal,
 43 interest, or charges whatsoever, and the borrower shall be entitled
 44 to recover from the lender any sums paid or returned to the lender
 45 by the borrower on account of or in connection with the loan.

1 4. R. S. 17:10-16 is amended to read as follows:

2 17:10-16. Amount of charges limited. No licensee shall directly
 3 or indirectly charge, contract for, or receive any interest, discount,
 4 or consideration greater than he would be permitted by law to
 5 charge if he were not a licensee hereunder upon the loan, use, or
 6 forbearance of money, goods, or things in action, or upon the loan,
 7 use, or sale of credit, of the amount or value of more than
 8 **[\$1,000.00]** \$2,500.00. The foregoing prohibition shall also apply
 9 to any licensee who permits any person, as borrower or as in-
 10 dorser, guarantor, or surety for any borrower, or otherwise, to
 11 owe directly or contingently or both under one or more loan con-
 12 tracts to the licensee at any time the sum of more than **[\$1,000.00]**
 13 \$2,500.00 for principal.

1 5. R. S. 17:10-17 is amended to read as follows:

2 17:10-17. Payment in consideration of assignment. The pay-
 3 ment of **[\$1,000.00]** \$2,500.00 or less in money, credit, goods or
 4 things in action, as consideration for any sale, assignment or order
 5 for the payment of wages, salary, commissions or other compen-
 6 sation for services, whether earned or to be earned, shall, for the
 7 purposes of this chapter, be deemed a loan secured by the assign-
 8 ment. The transaction shall be governed by and subject to the
 9 provisions of this chapter and any such sale, assignment or order
 10 hereafter made shall, for the purposes of this chapter, be void
 11 and of no effect.

1 6. S. R. 17:10-19 is amended to read as follows:

2 17:10-19. Payment in certain cases deemed a loan. The payment
 3 of **[\$1,000.00]** \$2,500.00 or less in money, credit, goods or things
 4 in action as consideration for any sale of personal property which
 5 is made on condition that the property be sold back at a greater
 6 price shall, for the purposes of this chapter, be deemed to be a
 7 loan secured by the property and the amount by which the repur-
 8 chase price exceeds the original payment actually paid shall be
 9 deemed interest or charges upon the loan from the date the original
 10 payment is made until the date the repurchase price is paid. The
 11 transaction shall be governed by and be subject to the provisions
 12 of this chapter.

1 7. R. S. 17:10-20 is amended to read as follows:

2 17:10-20. Prohibited acts. No person, copartnership, associa-
 3 tion, or corporation, except as authorized by this chapter, shall

4 directly or indirectly charge, contract for, or receive any interest,
5 discount, or consideration greater than the lender would be per-
6 mitted by law to charge if he were not a licensee hereunder upon
7 the loan, use, or forbearance of money, goods, or things in action,
8 or upon the loan, use, or sale of credit of the amount or value of
9 ~~[\$1,000.00]~~ \$2,500.00 or less.

10 The foregoing prohibition shall apply to any person, copartner-
11 ship, association, or corporation who or which, by any device, sub-
12 terfuge, or pretense, shall charge, contract for, or receive greater
13 interest, consideration, or charges than is authorized by this chap-
14 ter for the loan, use, or forbearance of money, goods, or things in
15 action or for the loan, use, or sale of credit.

16 No loans of the amount or value of ~~[\$1,000.00]~~ \$2,500.00 or less
17 for which a greater rate of interest, consideration, or charge than
18 is permitted by this chapter has been charged, contracted for, or
19 received, wherever made, shall be enforced in this State and any
20 person, copartnership, association or corporation in anywise par-
21 ticipating therein in this State shall be subject to the provisions
22 of this chapter. The foregoing shall not apply to loans legally
23 made in any state which then has in effect a regulatory small loan
24 law similar in principle to this chapter, but an action to enforce
25 any loan made in any such state to a person then residing in this
26 State may be maintained in this State only if the amount of
27 interest, discount, consideration or other charge for such loan,
28 demanded to be paid in such action, does not exceed that permitted
29 to a licensee by this chapter for a loan of the same amount repay-
30 able in the same manner.

1 8. This act shall take effect on the sixtieth day following enact-
2 ment.

STATEMENT

The purpose of this bill is to increase up to \$2,500.00 the maxi-
mum amount that a consumer may obtain from a lender licensed
by the New Jersey Small Loan Law.

This amendment will permit New Jersey licensed lenders to be
competitive with New York which has a \$2,500.00 ceiling and Penn-
sylvania which has a \$3,500.00 ceiling.