R.S. 17:16C-1

LEGISLATIVE FACT SHEET

ON

N.J.R.S. 17:16C-1 (Refund - Prepay. instal.)
(1966 Amendment)

LAWS OF 1966 CHAPTER 324

~~SENATE~~ ASSEMBLY 318

INTRODUCED Feb. 7, 1966 BY Dickey [and 4 others]

STATEMENT YES NO

AMENDED DURING PASSAGE YES NO

HEARING

VETO

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CHAPTER 324 LAWS OF N. J. 1966

APPROVED 2/16/67

ASSEMBLY, No. 318

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 7, 1966

By Assemblymen DICKEY, BIBER, Assemblywoman KORDJA,

Assemblymen YESKO and SKEVIN

Referred to Committee on Business Affairs

AN ACT to amend "An act to define and regulate certain retail installment sales and to license and regulate motor vehicle installment sellers and sales finance companies and to repeal 'An act to define and regulate retail installment sales in the amount of or of the value of $3,000.00 or less and to license and regulate sales finance companies,' approved September 29, 1948 (P. L. 1948, c. 419)," approved June 9, 1960 (P. L. 1960, c. 40).

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

1. Section 1 of the act of which this act is amendatory is amended to read as follows:

1. In this act, unless the context otherwise requires, the following words and terms shall have the following meanings:

(a) "Goods" means all chattels personal having a cash price of $7,500.00 or less, but not including money or choses in action or goods sold for commercial or business use.

(b) "Retail installment contract" means any contract entered into in this State between a retail seller and a retail buyer evidencing an agreement to pay the retail purchase price of goods, or any part thereof, in 2 or more installments over a period of time, and pursuant to which title to or a lien upon the goods is retained or taken by the retail seller for the pay-

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

ment of the retail buyer's obligation. This term includes a chattel mortgage, conditional sales contract, or other similar instrument and any contract for the bailment or leasing of goods by which the bailee or lessee agrees to pay as compensation a sum substantially equivalent to or in excess of the value of the goods, and by which it is agreed that the bailee or lessee is bound to become, or has the option of becoming, the owner of such goods upon full compliance with the terms of such retail installment contract.

(c) "Retail seller" means a person who sells or agrees to sell goods under a retail installment contract to a retail buyer, and shall include a motor vehicle installment seller.

(d) "Retail buyer" means a person who buys or agrees to buy goods from a retail seller not for the purpose of resale, and who executes a retail installment contract in connection therewith.

(e) "Person" means an individual, partnership, firm, corporation, banking institution, association or any other group of individuals however organized.

(f) "Sales finance company" means and includes any person engaging in this State in the business of acquiring or arranging for the acquisition of retail installment contracts by purchase, discount, pledge or otherwise, and any person engaging, directly or indirectly, in the business of soliciting the purchase of retail installment contracts, or in the business of aiding the retail seller in selling, assigning or arranging for the sale or assignment of retail installment contracts.

(g) "Motor vehicle" includes all vehicles used for transportation upon a highway propelled otherwise than by muscular power, excepting such vehicles as run only upon rails or tracks.

(h) "Motor vehicle installment seller" means a dealer in motor vehicles, who is required to be licensed under chapter 10 of Title 39 of the Revised Statutes and who sells or offers to sell a motor vehicle to a retail buyer under a retail installment contract.

(i) "Cash price" means the minimum price for which the goods subject to the retail installment contract or other goods of like kind and quality may be purchased for cash from the seller by the buyer, as stated in the retail installment contract.

(j) "Down payment" means all payments made in cash or in goods or partly in cash and partly in goods, received by the retail seller prior to or substantially contemporaneous with either the execution of the retail installment contract or the delivery of the goods, whichever occurs later.

(k) "Official fees" means the filing or other fees required by law to be paid to a public officer to perfect the interest or lien, on the goods, retained or taken by a retail seller under a retail installment contract.

(l) "Time price differential" means that part of the time sales price as determined under section 27(i) by which the time sales price exceeds the aggregate of the cash price and the amount included in a retail installment contract, if a separate charge is made therefor, for insurance and other benefits and official fees.

(m) "Holder" means any person, including a retail seller, who is entitled to the rights of a retail seller under a retail installment contract.

(n) "Banking institution" means any bank or national banking association authorized to do business in this State.

(o) "Commissioner" means the Commissioner of Banking and Insurance of New Jersey and includes his deputies or any salaried employee of the Department of Banking and Insurance named or appointed by the said commissioner to perform any function in the administration or enforcement of this act.

(p) "Payment-period means the period of time scheduled by a retail installment contract to elapse between the days upon which installment payments are scheduled to be made on such contract; except that, when installment payments are scheduled to be omitted, pursuant to section 26, "payment-period" means the period of time scheduled by the contract to elapse between the days upon which installment payments are scheduled to

be made during that portion of the contract period in which no installment payment is scheduled to be omitted.

(q) "Contract period" means the period beginning on the date of a retail installment contract and ending on the date scheduled by the contract for the payment of the final installment.

2. Section 26 of the act of which this act is amendatory is amended to read as follows:

26. Every retail installment contract shall provide for the payment of the time balance as determined in section 27(h) [in substantially equal periods of time and] in substantially equal amounts[;] *on dates separated by substantially equal payment-periods;* provided that the retail seller may defer the initial installment for a period of 60 days; and provided, further, that when appropriate for the purpose of facilitating payment, in accordance with a retail buyer's intermittent income, a contract may provide for payment on a schedule which reduces or omits payments over a period or periods not in excess of 93 days in any 12-month period. When a retail installment contract provides for unequal or irregular installments, the time price differential shall not exceed the effective rate provided in section 41, having due regard for the schedule of installments. When in any retail installment contract the purchase of goods is combined with the purchase of food, the time balance on which is stated as one amount, that part of the time balance on the sale of goods shall be subject to the provisions of this section, but that part of the time balance on the purchase of food may be payable in a shorter time and added to the equal payment installment on the goods.

3. Section 43 of the act of which this act is amendatory is amended to read as follows:

43. [Any retail buyer may satisfy in full at any time before maturity the amount of any balance to become due on any retail installment contract, and in so satisfying any such debt shall receive a refund credit thereon for such anticipation of payments. The amount of such refund shall represent at least as great a proportion of the time price differential, less an acquisi-

tion cost of $15.00, as the sum of the periodical time balances scheduled by the contract to follow the installment date after the date of prepayment bears to the sum of all the periodical time balances under the schedule of payments in the original contract. Where the amount of the credit for anticipation of payments is less than $1.00, no refund need be made.] *When the balance owing on a retail installment contract is repaid in full at any time before the end of the contract period, the holder of the contract shall allow a credit on account of the time price differential, the amount of which shall be determined by the application of the formula* $C = AN \div D$, *in which "C" represents the amount of the credit to be given; "A" represents the amount of the time price differential, less an acquisition cost of $15.00; "D" represents an amount determined as follows: there shall be ascribed to each payment-period included in the contract period, beginning with the first payment-period scheduled by the contract, the cardinal number descriptive of the number of payment-periods scheduled by the contract to elapse from the beginning of each such payment-period to the end of the contract period, and the sum of all such cardinal numbers shall constitute the quantity "D"; and "N" represents the difference between the quantity "D" and the sum of all the cardinal numbers ascribed to the payment-periods which have elapsed, in whole or in part, from the date of the contract to the date upon which such repayment is made. This section shall not apply when the amount of the credit is less than $1.00.*

4. This act shall take effect immediately.

STATEMENT

The purpose of this bill is to make refunds payable upon prepayment of retail installment contracts dependent upon the number of installment payment-periods, as defined in the bill, which have elapsed from the date of the contract to the date when prepayment is made. The bill makes the Retail Installment Sales Act consistent with the prepayment refund provision of The Banking Act of 1948, and consistent also with a companion bill, introduced with this bill, to make a similar change in the Home Repair Financing Act (P. L. 1960, c. 41).