

LEGISLATIVE HISTORY OF N.J.S.A. 17:16c-1 et seq.

(Retail Installment Sales)

This legislation was first introduced in 1958 (A-395 of 1958; copy enclosed; see statement on the bill). Died in committee.

In his Fifth Annual Message to the Legislature, January 13, 1959 (copy enclosed; see p. 10-11) Governor Meyner urges passage of Consumer Protection legislation. Bills introduced in 1959 were: S-61 and A-382 (copies enclosed; see statements on the bills). Both bills died in committee.

On December 15, 1959, a "Legislative Forum re: Legislative proposals for 1960" was held. The proceedings were published:

974.90
L514
1959a

New Jersey Legislature. Assembly.
Legislative forum ... 1959.

(Copy enclosed; see p. 5A et seq. for discussion of installment sales.)

In his Sixth Annual Message to the Legislature, January 12, 1960, (copy enclosed) Governor Meyner again urged this legislation. Bills introduced in 1960 were:

- A-261 - Introduced January 18, 1960 - Died in Committee
- S-59 - Introduced January 18, 1960 - Died in Committee
- A-628 - Introduced April 4, 1960 - Died in Committee

(Copies enclosed; see statements on A-261 and S-59)

Laws 1960, chapter 40 - S-200 - Introduced April 11, 1960 by Sen. Waddington, Crane, Harper, Lynch, Cowgill, Fox, Ridolfi, Dumont, Lance, Jones & Ozzard.

No statement on the bill.

Amended during passage by Senate Committee: section 40, line 2, inserts word "on" after the word "buyer".

May 2 - Passed Senate

June 6 - Passed Assembly

June 9 - Approved by the Governor - *Governor made statement upon signing.*

This law was one of a "package" of three consumer protection bills signed by the Governor at the same time:

- S-199 - Chapter 39 - Approved June 9, 1960
- S-200 - Chapter 40 - Approved June 9, 1960
- S-201 - Chapter 41 - Approved June 9, 1960

The attached list of newspaper clippings indicates the public interest in this legislation. The clippings may be consulted in the State Library, or we can photostat specific ones at your expense. It is not clear whether the "hearings" referred to in the newspapers were ever held. The State Library has no transcript of them.

RS/jmg
GC-422

- ✓ Consumer Frauds Target of Legislative Proposal - Trenton Times, December 31, 1959
- ✓ Credit Buying Changes Rapped by State Group - Newark News, March 16, 1960
- ✓ Consumer Aid Pushed - Meyner Seeks Action on Time Payment Charge Curbs - Newark News,
March 30, 1960
- ✓ To Seek Hearing on Consumer Bills - Newark News, April 6, 1960
- ✓ Meyner Legal Aide Defends Proposed Time Sales Law - Newark News, April 8, 1960
- Privately, Quietly (editorial) - Newark News, May 2, 1960
- Lobbyists Oppose Consumer Bills - Newark News, May 2, 1960
- Senators Push for Approval of Consumer Bills - Phila. Inquirer, May 2, 1960
- ✓ Lobbying on Installment Bills Eyed - Pressures Hold Up 3 of 4 Measures Designed to
Protect Time Buyers - Newark News, May 3, 1960
- ✓ Lobbying Protests Increase - Fox, Crane Study Controls on Pressure, Newark News, May 4, 1960
- ✓ Foes Mount Attack - Lobby Opens Fire on Bills to Protect Buying Public - Newark News,
May 9, 1960
- ✓ Meyner Asks Action - 3 Consumer Bills Facing Assembly - Newark News, May 10, 1960
- Majority of Committee Set to Vote Out Buyer Aid Bills, Newark News, May 11, 1960
- Meyner Pushes Consumer Bills, Early Action Set - Phila. Inquirer, May 13, 1960
- Consumer Bills Near, Assembly Leaders See Final Vote Within 2 Weeks, Newark News, May 13, 1960
- ✓ Two Consumer Bills Passed, Curbs on Home Improving Fees, Sales Claims go to Governor -
Newark News, May 17, 1960
- ✓ Time Sales Vote Pledge, Assembly Promises to Act Monday on Bill Setting Charges -
Newark News, May 19, 1960
- Bankers Back Bill to Limit Car Sale Interest, Would Hold Rates on New Autos to \$7 Per
\$100 a Year - Phila. Inquirer, May 20, 1960
- Hudson Bars Credit Relief, Consumer Bill, Assessment Reform Held Up by Democratic House-
Newark News, May 24, 1960
- ✓ S-200 Passage Pledged Again - Newark News, May 24, 1960
- To Enforce Credit Laws, State Agencies Ready to Crack Down on Violators - Newark News,
May 27, 1960

Assured on Buyer Bill, Meyner Says Leaders to Pledge Passage Monday, - Newark News, June 2, 1960

Misery File - What the Public Thinks of S-200 - Newark News, June 5, 1960

Key Consumer Aid Bill Adopted by 55-0 Vote, Curbs Costs of Time Sales, - Newark News, June 6, 1960

Final Bill Passes, Push Enforcement for Consumer Aid - Newark News, June 7, 1960

Asks Credit Bills Stand, Howell Urges Changes Wait Until Controls are Tried - Newark News, June 8, 1960

Consumer Aid Bills Signed, Meyner Praises Press for Positive Achievement - Newark News, June 9, 1960

Consumer Protection Bills Become Law - Trenton Times, June 9, 1960

Bills Curbing Fraud, Interest Signed Happily by Meyner - Phila. Inquirer, June 10, 1960

SENATE, No. 200

STATE OF NEW JERSEY

INTRODUCED APRIL 11, 1960

By Senators WADDINGTON, HARPER, CRANE, LYNCH, COWGILL,
FOX, RIDOLFI, DUMONT, LANCE and JONES

Referred to Committee on Judiciary

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).

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

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

3 (a) "Goods" means all chattels personal having a cash price of
4 \$7,500.00 or less, but not including money or choses in action or goods sold
5 for commercial or business use.

6 (b) "Retail installment contract" means any contract entered into in
7 this State between a retail seller and a retail buyer evidencing an agree-
8 ment to pay the retail purchase price of goods, or any part thereof, in
9 2 or more installments over a period of time, and pursuant to which title
10 to or a lien upon the goods is retained or taken by the retail seller for
11 the payment of the retail buyer's obligation. This term includes a chat-
12 tel mortgage, conditional sales contract, or other similar instrument and

13 any contract for the bailment or leasing of goods by which the bailee or
14 lessee agrees to pay as compensation a sum substantially equivalent to
15 or in excess of the value of the goods, and by which it is agreed that the
16 bailee or lessee is bound to become, or has the option of becoming, the owner
17 of such goods upon full compliance with the terms of such retail install-
18 ment contract.

19 (c) "Retail seller" means a person who sells or agrees to sell goods
20 under a retail installment contract to a retail buyer, and shall include a mo-
21 tor vehicle installment seller.

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

25 (e) "Person" means an individual, partnership, firm, corporation, bank-
26 ing institution, association or any other group of individuals however or-
27 ganized.

28 (f) "Sales finance company" means and includes any person engaging
29 in this State in the business of acquiring or arranging for the acquisition
30 of retail installment contracts by purchase, discount, pledge or otherwise,
31 and any person engaging, directly or indirectly, in the business of soliciting
32 the purchase of retail installment contracts, or in the business of aiding
33 the retail seller in selling, assigning or arranging for the sale or assign-
34 ment of retail installment contracts.

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

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

42 (i) "Cash price" means the minimum price for which the goods sub-
43 ject to the retail installment contract or other goods of like kind and qual-

44 ity may be purchased for cash from the seller by the buyer, as stated in the
45 retail installment contract.

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

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

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

58 (m) "Holder" means any person, including a retail seller, who is en-
59 titled to the rights of a retail seller under a retail installment contract.

60 (n) "Banking institution" means any bank or national banking associa-
61 tion authorized to do business in this State.

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

1 2. No person shall hereafter engage in or continue to engage in the
2 business of a sales finance company or in the business of a motor vehicle
3 installment seller in this State without first obtaining a license from the
4 commissioner as provided for in this act; provided, however, that no sales
5 finance company shall be required to obtain a license to engage in the busi-
6 ness of a motor vehicle installment seller for the purpose of disposing of
7 any goods to which it has obtained title as a result of legal or contract right
8 under any retail installment contract; and provided, further, that any bank-

9 ing institution authorized to do business in this State shall be authorized
10 to transact business as a sales finance company, subject to all of the provi-
11 sions of this act, except that it shall not be required to obtain a license or
12 pay a license fee hereunder.

1 3. (a) Application for a license under this act shall be in writing, under
2 oath, and shall be in the form prescribed by the commissioner.

3 (b) The application shall state the name and residence and business ad-
4 dresses of the applicant, and if the applicant is a copartnership or asso-
5 ciation, of every member thereof, and if a corporation, of each officer and
6 director thereof. It shall also state the address where the business is to be
7 conducted and any other information the commissioner may require.

1 4. Within 60 days after the filing of the application and the payment
2 of the fees hereinafter set forth the commissioner shall either:

3 (a) Issue and deliver to the applicant a license to engage in the busi-
4 ness of a sales finance company or a motor vehicle installment seller in ac-
5 cordance with the provisions of this act at the location specified in the said
6 application; or

7 (b) Refuse to issue the license for any reason for which he may suspend,
8 revoke or refuse to renew any license under section 10 of this act.

1 5. If the commissioner refuses to issue a license he shall:

2 (a) Notify the applicant of the denial and of his right to request a
3 hearing within 10 days.

4 (b) If the applicant does not request a hearing, return the sum paid as
5 a license fee.

6 (c) If the applicant requests such a hearing, give notice of the grounds
7 for refusal and hold a hearing thereon. Within 30 days thereafter the com-
8 missioner shall file a written decision containing his findings and conclusions
9 and serve a copy thereof upon the applicant.

1 6. (a) Each license shall specify the location of the office or branch
2 and must be conspicuously displayed therein. In case such location be
3 changed, the commissioner shall endorse the change of location on the li-
4 cense without charge.

5 (b) Such license shall not be transferable or assignable.

6 (c) No licensee shall transact the business provided for by this act un-
7 der any other name or maintain an office at any other location than that
8 designated in the license.

1 7. Every sales finance company shall pay to the commissioner at the
2 time of making the application and annually thereafter upon renewal a
3 license fee of \$100.00 for its principal place of business and \$25.00 for each
4 additional place of business conducted in this State.

1 8. Every motor vehicle installment seller shall pay to the commissioner
2 at the time of making the application and annually thereafter upon renewal
3 a license fee of \$10.00 for its principal office and \$10.00 for each additional
4 place of business conducted in this State.

1 9. No abatement in the amount of the said license fee shall be made if
2 the license is issued for less than 1 year, nor if the license is surrendered,
3 canceled or revoked prior to the expiration of the period for which such
4 license was issued. Every license shall expire on December 31 of each year.

1 10. The commissioner may suspend, revoke or refuse to renew any li-
2 cense issued hereunder, upon 10 days' notice in writing, forwarded by regis-
3 tered or certified mail to the principal place of business of such licensee,
4 stating the contemplated action and in general the grounds therefor, and
5 after reasonable opportunity to be heard, if he shall find that the licensee or
6 any owner, director, officer, member, partner, employee or agent of such
7 licensee has:

8 (a) Made any material misstatement in the application;

9 (b) Knowingly or without the exercise of due care failed to comply with
10 or violated any provisions of this or any other act relating to retail install-
11 ment contracts;

12 (c) Defrauded any retail buyer or willfully failed to perform any writ-
13 ten agreement with any retail buyer;

14 (d) Willfully misrepresented or failed to disclose any of the material
15 particulars or the nature thereof required to be stated or furnished to the

16 retail buyer under this act or any other laws of this State relating to retail
17 installment contracts;

18 (e) Knowingly taken any instrument evidencing a retail installment con-
19 tract which was signed in blank; or

20 (f) Otherwise demonstrated unworthiness, bad faith or dishonesty.

21 No license issued under this act to a motor vehicle installment seller
22 shall be valid unless such seller is the holder of a valid and subsisting li-
23 cense issued pursuant to chapter 10 of Title 39 of the Revised Statutes.

1 11. The commissioner may suspend, revoke or refuse to renew the par-
2 ticular license with respect to which grounds for revocation, suspension or
3 refusal to renew may occur or exist, or, if he finds that such grounds for
4 suspension or revocation are of general application to all offices, or more
5 than 1 office, operated by the licensee, he may revoke, suspend or refuse to
6 renew all of the licenses issued to the licensee or such number of licenses
7 as such grounds apply to, as the case may be.

1 12. Any licensee may surrender his license by delivering the license to
2 the commissioner with written notice that he thereby surrenders the license,
3 but such surrender shall not affect the licensee's civil or criminal liability
4 for acts committed prior to the surrender.

1 13. No suspension, revocation or refusal to renew any license shall im-
2 pair or affect the obligation of any lawful retail installment contract ac-
3 quired previously thereto by the licensee.

1 14. Every license issued hereunder shall remain in force and effect until
2 the same shall have expired or been surrendered, revoked or suspended in
3 accordance with the provisions of this act, but the commissioner may rein-
4 state suspended licenses or issue new licenses to a licensee whose license
5 or licenses have been revoked, if the conditions under which such licenses
6 were revoked have been corrected and the commissioner is satisfied as the
7 result of an investigation that such conditions are not likely to reoccur.

1 15. The commissioner, if he has reasonable cause to believe that any
2 licensee, or any other person, has violated any of the provisions of this act
3 or of any other law relating to retail installment sales or contracts, shall
4 have the power to make such investigations as he shall deem necessary, and
5 may examine the books, accounts, records and files of such licensee or any
6 other such person believed to have violated this act or any other law relating
7 to retail installment sales or contracts.

1 16. The commissioner shall have power to issue subpoenas to compel the
2 attendance of witnesses and the production of documents, papers, books, rec-
3 ords and other evidence before him in any matter over which he has juris-
4 diction, control or supervision pertaining to this act. The commissioner
5 shall have the power to administer oaths and affirmations to any person
6 whose testimony is required.

1 17. In case of a failure of any person to comply with any subpoena is-
2 sued by the commissioner or to testify with respect to any matter concerning
3 which he may be lawfully interrogated, the Superior Court, on application
4 of the commissioner, may issue an order requiring the attendance of such
5 person and the giving of testimony or production of evidence. Any person
6 failing to obey the court's order may be punished by the court as for con-
7 tempt.

1 18. Every retail seller, sales finance company and holder shall main-
2 tain at its place or places of business in this State such books, accounts and
3 records relating to all transactions within this act as will enable the com-
4 missioner to enforce full compliance with the provisions of this act.

1 19. All books, accounts and records of the licensee shall be preserved
2 and kept available as provided herein for such period of time as the com-
3 missioner may by regulation require.

1 20. The commissioner is hereby authorized to prescribe the minimum
2 information to be shown in such books, accounts and records of the licensee
3 so that such records will enable the commissioner to determine compliance
4 with the provisions of this act.

1 21. Every retail installment contract shall be in writing and shall con-
2 tain all of the agreements between the retail buyer and retail seller relating
3 to the installment sale of the goods purchased and shall be signed both by
4 the retail buyer and the retail seller.

1 22. Every retail installment contract shall state the names and addresses
2 of all parties thereto, the date when signed by the retail buyer, and shall
3 contain a description of the goods sold which shall be sufficient for identifica-
4 tion. No retail installment contract shall be signed by any party thereto when
5 such contract contains blank spaces to be filled in after such contract has
6 been signed; however, this provision shall not apply to serial numbers or
7 other identifying marks which are not available for the description of the
8 goods at the time of the execution of the contract.

1 23. A copy of the retail installment contract shall be furnished by the
2 retail seller to the retail buyer at the time the retail buyer signs the con-
3 tract except that such copy need not contain the signature of the retail seller.
4 Such copy shall be furnished the retail buyer without charge.

1 24. Every retail installment contract shall contain the following notice
2 printed prominently, in the form herein indicated, in 10-point bold type or
3 larger, directly above the notice required by section 25:

4 "NOTICE TO RETAIL BUYER

5 Do not sign this contract in blank.

6 You are entitled to a copy of the contract at the time you sign.

7 Keep it to protect your legal rights."

1 25. Any acknowledgment by the retail buyer of receipt of a copy of the
2 contract shall be printed or written in a size equal to at least 10-point bold
3 type and, if contained in the contract, shall appear directly above the space
4 provided in the contract form for the signature of the retail buyer.

1 26. Every retail installment contract shall provide for the payment of
2 the time balance as determined in section 27(h) in substantially equal pe-
3 riods of time and in substantially equal amounts; provided that the retail
4 seller may defer the initial installment for a period of 60 days; and provided,

5 further, that when appropriate for the purpose of facilitating payment, in
6 accordance with a retail buyer's intermittent income, a contract may provide
7 for payment on a schedule which reduces or omits payments over a period or
8 periods not in excess of 93 days in any 12-month period. When a retail install-
9 ment contract provides for unequal or irregular installments, the time price
10 differential shall not exceed the effective rate provided in section 41, having
11 due regard for the schedule of installments. When in any retail installment
12 contract the purchase of goods is combined with the purchase of food, the
13 time balance on which is stated as 1 amount, that part of the time balance
14 on the sale of goods shall be subject to the provisions of this section, but that
15 part of the time balance on the purchase of food may be payable in a shorter
16 time and added to the equal payment installment on the goods.

1 27. Every retail installment contract shall set forth the following sep-
2 arate items:

3 (a) The cash price of the goods which are the subject matter of the
4 retail installment contract;

5 (b) The down payment made by the retail buyer, indicating whether
6 made in cash or in goods or partly in cash and partly in goods. The amount
7 of the payment in cash and in goods shall be shown separately. A descrip-
8 tion of the goods, if any, sufficient for identification, shall be shown;

9 (c) The unpaid cash balance which shall be the difference between the
10 cash price (subsection (a)) and the down payment (subsection (b));

11 (d) The amount, if any, if a separate charge is made therefor, included
12 for insurance and other benefits, specifying the coverages and benefits;

13 (e) The amount of official fees;

14 (f) The principal balance, which is the sum of subsections (c), (d)
15 and (e);

16 (g) The amount of the time price differential;

17 (h) The time balance, which is the sum of subsections (f) and (g), owed
18 by the retail buyer to the retail seller, the number of installments required,
19 the amount of each installment expressed in dollars and the due date or pe-
20 riod thereof;

21 (i) The time sales price, which is the sum of subsections (b) and (h).

1 28. Whenever a retail installment contract by its terms permits the in-
2 clusion of additional goods purchased after the original agreement, and such
3 goods are so purchased and the amount due on the new purchase is combined
4 with an unpaid balance on any prior purchase so as to permit the retail seller
5 to retain title to or reserve a lien upon all goods under the combined agree-
6 ment, the retail seller shall, at the time of the additional purchase, deliver to
7 the retail buyer and attach to the original agreement:

8 (a) A statement containing all the information with respect to the addi-
9 tional purchase required to be included in a retail installment contract; and

10 (b) A statement showing the amount due on the agreement immediately
11 previous to the new purchase, the amount due after the new purchase, the
12 payments agreed to be made thereafter, and the number of additional months
13 required to complete the payments.

1 29. Whenever a payment is made on such a continuing agreement after
2 additional purchases have been added, the payment shall be considered as
3 allocated among each of the separate purchases included, in the same propor-
4 tions which the original cash price of each bears to the total cash price of all
5 goods to which the retail seller has retained title, and the retail seller before
6 repossessing or attempting to repossess any goods under any such agreement
7 shall actually allocate in such manner all such payments made to him by the
8 retail buyer. When the amount owing on any separate purchase has been
9 fully paid, the goods so paid for shall become the absolute property of the
10 retail buyer and shall not be subject to repossession for any subsequent de-
11 fault on the agreement. The retail buyer under any such agreement may at
12 any time prepay the amount due on any of the separate purchases and in case
13 of repossession may redeem any of such separate purchases by payment of
14 the amount due on such purchase alone.

1 30. The retail buyer may be required to insure the goods at the retail
2 buyer's expense for the protection of the retail seller or subsequent holder
3 which insurance may be purchased by the holder. Such insurance shall be

4 written for the dual protection of the retail buyer and the retail seller or sub-
5 sequent holder to the extent of his interest in the goods and shall be limited
6 to insurance against substantial risk of damage, destruction, or theft of such
7 goods and shall be upon terms and conditions, which are reasonable and
8 appropriate, considering the type and conditions of such goods. When the
9 retail buyer fails or is unable to acquire insurance or the retail seller or sub-
10 sequent holder is unable to purchase insurance covering the dual protection
11 of the retail buyer and retail seller or subsequent holder, the retail seller or
12 holder may purchase a single interest insurance policy on the goods and may
13 collect the premium therefor from the retail buyer.

1 31. The retail buyer shall have the privilege of supplying insurance on
2 the goods through an agent or broker of his own selection and selecting an
3 insurance company acceptable to the retail seller; provided, however, the in-
4 clusion of the premium for such insurance in the retail installment contract,
5 when the retail buyer selects the company, agent or broker, shall be optional
6 with the retail seller. The amount, if any, included for such insurance shall
7 not exceed the premiums chargeable in accordance with the applicable rates
8 filed with the commissioner for such insurance. The retail seller or holder, if
9 the premium for dual insurance on the goods is included in a retail install-
10 ment contract, shall within 25 days after the execution of the retail install-
11 ment contract send or cause to be sent to the retail buyer a policy or policies
12 or certificate of insurance, written by an insurance company authorized to do
13 business in this State, clearly setting forth the amount of the premium, the
14 kind or kinds of insurance and the scope of the coverage and all the terms,
15 exceptions, limitations, restrictions and conditions of the contract or con-
16 tracts of insurance. The holder of a retail installment contract shall, if the
17 goods described therein have been repossessed and sold, cancel any insurance
18 on the goods and any other insurance or other benefits then in force and shall
19 credit the amount of the return premium thereon to the unpaid balance out-
20 standing on the retail installment contract.

1 32. Whenever, in the sale of a motor vehicle, the retail buyer is required,
2 under the provisions of this act, to provide a policy of insurance and such
3 policy of insurance does not contain the liability insurance provisions of sec-
4 tions 3, 24, 25 or 26 of the Motor Vehicle Security Responsibility Law (P. L.
5 1952, c. 173), the retail installment contract shall contain, immediately follow-
6 ing the statement therein concerning insurance, the following notice printed
7 prominently, in the form herein indicated or in such other form as may be
8 approved by the commissioner, in 10-point type or larger:

9 "THIS DOES NOT INCLUDE INSURANCE ON YOUR LIA-
10 BILITY FOR BODILY INJURY OR PROPERTY DAMAGE.
11 WITHOUT SUCH INSURANCE, YOUR LICENSE AND
12 REGISTRATION MAY BE REVOKED IF YOU HAVE AN
13 ACCIDENT."

1 33. In addition to insurance on the goods, by agreement with the retail
2 buyer, the retail seller may purchase such other insurance and other benefits
3 as the retail buyer shall contract for; provided, however, that the retail buyer
4 may cancel such additional insurance and other benefits, other than credit
5 life and credit accident and health insurance, at any time prior to the expira-
6 tion of such insurance contracts or benefits.

1 34. If any policy or policies or certificates of insurance or other benefits
2 are canceled, or the premiums thereon adjusted, the unearned insurance
3 premium refund or refund on other benefits received by the retail seller or
4 subsequent holder of the retail installment contract shall be credited to the
5 next maturing installments of the retail installment contract, except to the
6 extent applied toward payment for similar insurance protecting the interest
7 of the buyer and the retail seller or holder of the contract or any of them;
8 provided that in the case of credit life or credit accident and health insur-
9 ance, the refund to the buyer shall be made in accordance with chapter 169
10 of the laws of 1958, and provided further that if the amount of such refund is
11 less than the minimum prescribed by the commissioner, no refund need be
12 made.

1 35. No retail installment contract shall contain any acceleration clause
2 under which any part or all of the time balance, not yet matured, may be
3 declared immediately due and payable because the retail seller or holder
4 deems himself to be insecure.

1 36. No retail installment contract shall contain any provisions whereby
2 the retail buyer waives any right of action against the retail seller, holder
3 or other person acting on his or her behalf for any illegal act committed in
4 the collection of the payments under the contract or in the repossession of
5 the goods, the subject of the retail installment contract.

1 37. No retail installment contract or separate instruments executed in
2 connection therewith shall contain any power of attorney to confess judgment
3 or any other power of attorney.

1 38. No retail installment contract shall contain any provision relieving
2 the retail seller from liability for any legal remedies which the retail buyer
3 may have against the retail seller under the contract.

1 39. No retail seller shall at any time take either in a retail installment
2 contract or in a separate instrument, any assignment of or order for the
3 payment of any salary, wages, commissions, or other compensation for serv-
4 ices, or any part thereof, earned or to be earned.

1 40. No retail seller, sales finance company or holder shall make any loan
2 of money or advance of credit to a retail buyer or in connection with any
3 retail installment contract and charge, contract for or receive thereon a
4 greater rate of interest than he would otherwise be permitted by law to
5 charge except in accordance with the provisions of this act; provided, how-
6 ever, that nothing contained in this section shall prohibit a banking institu-
7 tion from making any loan which it otherwise is permitted by law to make.

1 41. A retail seller and a motor vehicle installment seller, under the provi-
2 sions of this act, shall have authority to charge, contract for, receive or collect
3 a time price differential as defined in this act, on any retail installment
4 contract evidencing the sale of goods which shall not exceed the rates for the
5 respective classification as follows:

6 Class I. New motor vehicles, an amount not to exceed \$7.00 per \$100.00
7 per year;

8 Class II. Used motor vehicles of a model designated by the manufac-
9 turer by a year not more than 2 years prior to the year in which the sale is
10 made, an amount not to exceed \$10.00 per \$100.00 per year;

11 Class III. Older used motor vehicles of a model designated by the manu-
12 facturer by a year more than 2 years prior to the year in which the sale is
13 made, an amount not to exceed \$13.00 per \$100.00 per year;

14 Class IV. On all other goods, an amount not to exceed \$10.00 per \$100.00
15 per year.

16 The time price differential shall be computed on the amount of the prin-
17 cipal balance as determined in section 27 (f), from the date of the contract to
18 the due date of the final installment, notwithstanding the fact that the con-
19 tract is to be repaid in installments.

20 If the time price differential so computed is less than \$12.00, and if the
21 due date of the last installment of the contract is more than 8 months after
22 the date of the contract, a charge of not more than \$12.00 may be made in
23 lieu of the time price differential. If the time price differential so computed
24 is less than \$10.00, and if the due date of the last installment of the contract
25 is 8 months or less after the date of the contract, a charge of not more than
26 \$10.00 may be made in lieu of the time price differential.

1 42. (a) The holder of any retail installment contract may collect a
2 delinquency or collection charge for default in the payment of any such
3 contract or any installment thereof, if provided for in the contract where such
4 default shall have continued for a period of 10 days, such charge not to
5 exceed 5% of each installment in default or the sum of \$5.00, whichever is
6 the lesser. Such delinquency may be collected by the holder of the retail
7 sales contract or charged to the retail buyer's account. If charged to the
8 retail buyer's account, such charge shall be made within 35 days from the date
9 of such default and then a written notification that such charge has been
10 made shall be mailed to the retail buyer within 5 days from the date when
11 such charge was made.

12 (b) In addition to such delinquency and collection charge, the retail
13 installment contract may also provide for the payment of attorney's fees not
14 exceeding 20% on the first \$500.00 and 10% on any excess of the amount due
15 and payable under such contract when referred to an attorney, not a salaried
16 employee of the holder of the contract, for collection.

1 43. Any retail buyer may satisfy in full at any time before maturity the
2 amount of any balance to become due on any retail installment contract, and
3 in so satisfying any such debt shall receive a refund credit thereon for such
4 anticipation of payments. The amount of such refund shall represent at
5 least as great a proportion of the time price differential, less an acquisition
6 cost of \$15.00, as the sum of the periodical time balances scheduled by the
7 contract to follow the installment date after the date of prepayment bears to
8 the sum of all the periodical time balances under the schedule of payments
9 in the original contract. Where the amount of the credit for anticipation of
10 payments is less than \$1.00, no refund need be made.

1 44. The holder of a retail installment contract may extend the scheduled
1A due date of any retail installment contract and defer the scheduled
2 due date of any or all installment payments, or reduce the amount of any or
3 all installments and may, as a consideration therefor, make a total addi-
4 tional charge not to exceed the amount ascertained under either of the fol-
5 lowing methods of computation at the respective rates indicated by the fol-
6 lowing options:

7 Option 1. The additional charge shall be computed on the amount of the
8 scheduled installment or installments extended, deferred or reduced for the
9 period or periods for which each installment or part thereof is extended, de-
10 ferred or reduced at the following rates on contracts originally in the respec-
11 tive classifications set forth in section 41 of this act:

- 12 Class I. 1% per month;
- 13 Class II. 1½% per month;
- 14 Class III. 2% per month;
- 15 Class IV. 2% per month.

16 Option 2. The holder of a retail installment contract by written agree-
17 ment may renew the entire unpaid balance on any retail installment contract
18 and may make a charge therefor at the rates charged in the original contract
19 from the date of renewal to the maturity of the final installment. The amount
20 of the balance to be renewed shall be obtained by adding to the existing un-
21 paid balance on the original contract, the cost of any insurance or other
22 benefits for the period of the extension and any accrued default charges
23 and refunding the unearned portion of the time price differential charged ac-
24 cording to the formula provided in section 43 of this act; provided, however,
25 that in computing the unearned time price differential charge no allowance
26 shall be taken for the amount of the acquisition cost permitted therein.

1 45. No retail seller under a retail installment contract, executed in this
2 State, shall sell, transfer or assign the obligation represented by such con-
3 tract or any evidence of indebtedness thereunder to any person who is not
4 authorized as a sales finance company pursuant to the provisions of this act,
5 except that such obligation or evidence of indebtedness may be sold, trans-
6 ferred or assigned to a State or national bank outside of this State if the
7 retail installment contract is retained by the retail seller or sales finance
8 company and collection of payments thereon is made to the retail seller or
9 sales finance company.

1 46. If a retail installment contract is lawfully sold, transferred or as-
2 signed, pursuant to the provisions of this act, and a written notice of such
3 sale, transfer or assignment setting forth the name and address of the new
4 holder and of the person authorized to receive future payments on such
5 contract is not given to the retail buyer, any payment or tender of payment
6 made to and any service of notice on the last known holder by the retail
7 buyer shall be binding upon any subsequent holder.

1 47. The provisions of section 45 shall not apply to any assignment of an
2 aggregation of retail installment contracts, which is executed by a retail
3 seller or sales finance company as collateral security only for a bona fide
4 commercial loan, and under which, in the absence of default or other bona

5 fide breach of the contract, ownership of the assigned retail installment con-
6 tracts remains vested in the retail seller or sales finance company, and collec-
7 tion of payments on such assigned contracts is made by the retail seller or
8 sales finance company; and provided such assignment of contracts is not made
9 for the purpose of evading or circumventing the provisions of this act.

1 48. Upon written request from the retail buyer, the retail seller or holder
2 of the retail installment contract shall give or forward to the retail buyer
3 within 10 days from receipt of the written request a written statement of
4 the retail buyer's account, showing the dates and amounts of all payments
5 made or credited to the account and the total amount, if any, unpaid under
6 such contract. No more than 2 such statements shall be required from a
7 holder in any 12-month period.

1 49. Whenever payment is made on account of any retail installment
2 contract in cash, the person receiving such payment shall, at the time of re-
3 ceiving such payment, furnish to the retail buyer, or the person making such
4 payment on behalf of the retail buyer, a complete written receipt therefor,
5 showing the date, identification of the account and the amount paid.

1 50. No retail seller, and no sales finance company, shall charge, contract
2 for, collect or receive from any retail buyer, directly or indirectly, any fur-
3 ther or other amount for costs, charges, insurance premiums, examination,
4 appraisal service, brokerage, commission, expense, interest, discount, fees,
5 fines, penalties or other things of value in connection with retail installment
6 contracts other than the charges permitted by this act, except court costs,
7 attorney fees and the expenses of retaking and storing repossessed goods
8 which are authorized by law.

1 51. No retail seller shall collect or retain any amount whatsoever in con-
2 nection with the contemplated sale of goods under a retail installment sales
3 contract, if such sale is not made; provided, however, that nothing contained
4 herein shall affect the legal status of a deposit paid by a prospective retail
5 buyer to a retail seller as a binder on the contemplated purchase of goods.

1 52. With respect to Class I, Class II, and Class III goods as defined in sec-
2 tion 41, upon payment in full by the retail buyer of the time balance and

3 other amounts lawfully due under a retail installment contract, the holder
4 shall:

5 (a) Return to the retail buyer the original instruments evidencing in-
6 debtedness or constituting security under a retail installment contract, which
7 were signed by the retail buyer or his sureties or guarantors in conjunction
8 with such contract, excepting such instruments as are filed or recorded with
9 a public official and retained in the files of such official;

10 (b) Release all security interest in the goods or in any collateral secur-
11 ity to the obligation of the retail buyer under such contract;

12 (c) Deliver to the retail buyer such good and sufficient assignments
13 and certificates of title as may be necessary to vest the retail buyer with
14 complete evidence of title.

15 With respect to Class IV goods as defined in section 41, the holder,
16 upon payment in full by the retail buyer of the time balance and other
17 amounts lawfully due under a retail installment contract, shall furnish the
18 retail buyer with such instrument as the commissioner may by regulation
19 provide.

1 53. When the final payment on a retail installment contract is made in
2 cash by the retail buyer, or his authorized representative, at the designated
3 licensed office of the holder, the certificate of ownership and other evidence
4 of lien, showing satisfaction of the encumbrance, unless otherwise provided
5 by rule or regulation of the commissioner, shall be delivered at the time of
6 such payment if demanded by the retail buyer, otherwise delivery may be
7 made at a later date in person or by mail as may be arranged between re-
8 tail buyer and holder; all other instruments shall be delivered or mailed to
9 the retail buyer within 35 days from the date of final payment.

1 54. Whenever, in any retail installment contract under this act, the re-
2 tail seller or any subsequent holder has knowingly charged, contracted for
3 or received from the retail buyer any costs or charges not authorized by
4 this act, all costs and charges in connection with such contract, other than
5 for insurance and other benefits, shall be void and unenforceable, and any

6 such costs or charges other than for insurance and other benefits shall be
7 applied to the unpaid balance or, if the account has been fully paid, remitted
8 to the retail buyer, and the retail buyer shall be entitled to recover all such
9 costs or charges.

1 55. Any person, and any director, officer, employee, agent, or repre-
2 sentative thereof, who or which shall engage in this State in the business
3 of a sales finance company or motor vehicle installment seller without hav-
4 ing first obtained a license, as required by this act, shall be liable to a
5 penalty of not more than \$1,000.00 for each offense.

1 56. (a) Any person conducting business under this act and any director,
2 officer, partner, member, employee, agent, or representative thereof who shall
3 knowingly violate any provision of this act or shall directly or indirectly
4 counsel, aid or abet such violation shall be liable to a penalty of not more
5 than \$500.00 for each offense.

6 (b) The penalties provided for by this act shall be sued for and recovered
7 by and in the name of the commissioner and shall be collected and enforced
8 by summary proceedings pursuant to the Penalty Enforcement Law (N. J. S.
9 2A:58-1 et seq.).

1 57. If any provision of this act or the application thereof to any person
2 or circumstance is held unconstitutional, the remainder of the act and the
3 application of such provision to other persons or circumstances shall not be
4 affected thereby.

1 58. Chapter 419, P. L. 1948, entitled, "An act to define and regulate
2 retail installment sales in the amount of or of the value of \$3,000.00 or less
3 and to license and regulate sales finance companies," approved September
4 29, 1948, is hereby repealed, and all laws and parts of laws which are in-
5 consistent with or repugnant to the provisions of this act are hereby
6 superseded; provided, however, that nothing herein contained shall be con-
7 strued to impair or affect any rights, obligations, liabilities or criminal, civil
8 or administrative proceedings arising under the aforesaid act.

1 59. Any sales finance company holding a license under the provisions of
2 chapter 419, P. L. 1948, approved September 29, 1948, and doing business on
3 the date this act takes effect, shall be considered to have been licensed under
4 and subject to the provisions of this act for the period ending December 31,
5 1960, at which time it must obtain a license under the provisions of this act.

1 60. This act shall be known and may be cited as the "Retail Install-
2 ment Sales Act of 1960."

1 61. This act shall take effect 90 days from the date of its approval.

SENATE COMMITTEE AMENDMENT TO

SENATE, No. 200

STATE OF NEW JERSEY

ADOPTED APRIL 25, 1960

Amend page 13, section 40, line 2, after the word "buyer" insert the word
"on".

[OFFICIAL COPY REPRINT]

SENATE, No. 200

STATE OF NEW JERSEY

INTRODUCED APRIL 11, 1960

By Senators WADDINGTON, HARPER, CRANE, LYNCH, COWGILL,
FOX, RIDOLFI, DUMONT, LANCE and JONES

Referred to Committee on Judiciary

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).

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

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

3 (a) "Goods" means all chattels personal having a cash price of
4 \$7,500.00 or less, but not including money or choses in action or goods sold
5 for commercial or business use.

6 (b) "Retail installment contract" means any contract entered into in
7 this State between a retail seller and a retail buyer evidencing an agree-
8 ment to pay the retail purchase price of goods, or any part thereof, in
9 2 or more installments over a period of time, and pursuant to which title
10 to or a lien upon the goods is retained or taken by the retail seller for
11 the payment of the retail buyer's obligation. This term includes a chat-
12 tel mortgage, conditional sales contract, or other similar instrument and

13 any contract for the bailment or leasing of goods by which the bailee or
14 lessee agrees to pay as compensation a sum substantially equivalent to
15 or in excess of the value of the goods, and by which it is agreed that the
16 bailee or lessee is bound to become, or has the option of becoming, the owner
17 of such goods upon full compliance with the terms of such retail install-
18 ment contract.

19 (c) "Retail seller" means a person who sells or agrees to sell goods
20 under a retail installment contract to a retail buyer, and shall include a mo-
21 tor vehicle installment seller.

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

25 (e) "Person" means an individual, partnership, firm, corporation, bank-
26 ing institution, association or any other group of individuals however or-
27 ganized.

28 (f) "Sales finance company" means and includes any person engaging
29 in this State in the business of acquiring or arranging for the acquisition
30 of retail installment contracts by purchase, discount, pledge or otherwise,
31 and any person engaging, directly or indirectly, in the business of soliciting
32 the purchase of retail installment contracts, or in the business of aiding
33 the retail seller in selling, assigning or arranging for the sale or assign-
34 ment of retail installment contracts.

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

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

42 (i) "Cash price" means the minimum price for which the goods sub-
43 ject to the retail installment contract or other goods of like kind and qual-

44 ity may be purchased for cash from the seller by the buyer, as stated in the
45 retail installment contract.

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

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

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

58 (m) "Holder" means any person, including a retail seller, who is en-
59 titled to the rights of a retail seller under a retail installment contract.

60 (n) "Banking institution" means any bank or national banking associa-
61 tion authorized to do business in this State.

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

1 2. No person shall hereafter engage in or continue to engage in the
2 business of a sales finance company or in the business of a motor vehicle
3 installment seller in this State without first obtaining a license from the
4 commissioner as provided for in this act; provided, however, that no sales
5 finance company shall be required to obtain a license to engage in the busi-
6 ness of a motor vehicle installment seller for the purpose of disposing of
7 any goods to which it has obtained title as a result of legal or contract right
8 under any retail installment contract; and provided, further, that any bank-

9 ing institution authorized to do business in this State shall be authorized
10 to transact business as a sales finance company, subject to all of the provi-
11 sions of this act, except that it shall not be required to obtain a license or
12 pay a license fee hereunder.

1 3. (a) Application for a license under this act shall be in writing, under
2 oath, and shall be in the form prescribed by the commissioner.

3 (b) The application shall state the name and residence and business ad-
4 dresses of the applicant, and if the applicant is a copartnership or asso-
5 ciation, of every member thereof, and if a corporation, of each officer and
6 director thereof. It shall also state the address where the business is to be
7 conducted and any other information the commissioner may require.

1 4. Within 60 days after the filing of the application and the payment
2 of the fees hereinafter set forth the commissioner shall either:

3 (a) Issue and deliver to the applicant a license to engage in the busi-
4 ness of a sales finance company or a motor vehicle installment seller in ac-
5 cordance with the provisions of this act at the location specified in the said
6 application; or

7 (b) Refuse to issue the license for any reason for which he may suspend,
8 revoke or refuse to renew any license under section 10 of this act.

1 5. If the commissioner refuses to issue a license he shall:

2 (a) Notify the applicant of the denial and of his right to request a
3 hearing within 10 days.

4 (b) If the applicant does not request a hearing, return the sum paid as
5 a license fee.

6 (c) If the applicant requests such a hearing, give notice of the grounds
7 for refusal and hold a hearing thereon. Within 30 days thereafter the com-
8 missioner shall file a written decision containing his findings and conclusions
9 and serve a copy thereof upon the applicant.

1 6. (a) Each license shall specify the location of the office or branch
2 and must be conspicuously displayed therein. In case such location be
3 changed, the commissioner shall endorse the change of location on the li-
4 cense without charge.

5 (b) Such license shall not be transferable or assignable.

6 (c) No licensee shall transact the business provided for by this act un-
7 der any other name or maintain an office at any other location than that
8 designated in the license.

1 7. Every sales finance company shall pay to the commissioner at the
2 time of making the application and annually thereafter upon renewal a
3 license fee of \$100.00 for its principal place of business and \$25.00 for each
4 additional place of business conducted in this State.

1 8. Every motor vehicle installment seller shall pay to the commissioner
2 at the time of making the application and annually thereafter upon renewal
3 a license fee of \$10.00 for its principal office and \$10.00 for each additional
4 place of business conducted in this State.

1 9. No abatement in the amount of the said license fee shall be made if
2 the license is issued for less than 1 year, nor if the license is surrendered,
3 canceled or revoked prior to the expiration of the period for which such
4 license was issued. Every license shall expire on December 31 of each year.

1 10. The commissioner may suspend, revoke or refuse to renew any li-
2 cense issued hereunder, upon 10 days' notice in writing, forwarded by regis-
3 tered or certified mail to the principal place of business of such licensee,
4 stating the contemplated action and in general the grounds therefor, and
5 after reasonable opportunity to be heard, if he shall find that the licensee or
6 any owner, director, officer, member, partner, employee or agent of such
7 licensee has:

8 (a) Made any material misstatement in the application;

9 (b) Knowingly or without the exercise of due care failed to comply with
10 or violated any provisions of this or any other act relating to retail install-
11 ment contracts;

12 (c) Defrauded any retail buyer or willfully failed to perform any writ-
13 ten agreement with any retail buyer;

14 (d) Willfully misrepresented or failed to disclose any of the material
15 particulars or the nature thereof required to be stated or furnished to the

16 retail buyer under this act or any other laws of this State relating to retail
17 installment contracts;

18 (e) Knowingly taken any instrument evidencing a retail installment con-
19 tract which was signed in blank; or

20 (f) Otherwise demonstrated unworthiness, bad faith or dishonesty.

21 No license issued under this act to a motor vehicle installment seller
22 shall be valid unless such seller is the holder of a valid and subsisting li-
23 cense issued pursuant to chapter 10 of Title 39 of the Revised Statutes.

1 11. The commissioner may suspend, revoke or refuse to renew the par-
2 ticular license with respect to which grounds for revocation, suspension or
3 refusal to renew may occur or exist, or, if he finds that such grounds for
4 suspension or revocation are of general application to all offices, or more
5 than 1 office, operated by the licensee, he may revoke, suspend or refuse to
6 renew all of the licenses issued to the licensee or such number of licenses
7 as such grounds apply to, as the case may be.

1 12. Any licensee may surrender his license by delivering the license to
2 the commissioner with written notice that he thereby surrenders the license,
3 but such surrender shall not affect the licensee's civil or criminal liability
4 for acts committed prior to the surrender.

1 13. No suspension, revocation or refusal to renew any license shall im-
2 pair or affect the obligation of any lawful retail installment contract ac-
3 quired previously thereto by the licensee.

1 14. Every license issued hereunder shall remain in force and effect until
2 the same shall have expired or been surrendered, revoked or suspended in
3 accordance with the provisions of this act, but the commissioner may rein-
4 state suspended licenses or issue new licenses to a licensee whose license
5 or licenses have been revoked, if the conditions under which such licenses
6 were revoked have been corrected and the commissioner is satisfied as the
7 result of an investigation that such conditions are not likely to reoccur.

1 15. The commissioner, if he has reasonable cause to believe that any
2 licensee, or any other person, has violated any of the provisions of this act
3 or of any other law relating to retail installment sales or contracts, shall
4 have the power to make such investigations as he shall deem necessary, and
5 may examine the books, accounts, records and files of such licensee or any
6 other such person believed to have violated this act or any other law relating
7 to retail installment sales or contracts.

1 16. The commissioner shall have power to issue subpoenas to compel the
2 attendance of witnesses and the production of documents, papers, books, rec-
3 ords and other evidence before him in any matter over which he has juris-
4 diction, control or supervision pertaining to this act. The commissioner
5 shall have the power to administer oaths and affirmations to any person
6 whose testimony is required.

1 17. In case of a failure of any person to comply with any subpoena is-
2 sued by the commissioner or to testify with respect to any matter concerning
3 which he may be lawfully interrogated, the Superior Court, on application
4 of the commissioner, may issue an order requiring the attendance of such
5 person and the giving of testimony or production of evidence. Any person
6 failing to obey the court's order may be punished by the court as for con-
7 tempt.

1 18. Every retail seller, sales finance company and holder shall main-
2 tain at its place or places of business in this State such books, accounts and
3 records relating to all transactions within this act as will enable the com-
4 missioner to enforce full compliance with the provisions of this act.

1 19. All books, accounts and records of the licensee shall be preserved
2 and kept available as provided herein for such period of time as the com-
3 missioner may by regulation require.

1 20. The commissioner is hereby authorized to prescribe the minimum
2 information to be shown in such books, accounts and records of the licensee
3 so that such records will enable the commissioner to determine compliance
4 with the provisions of this act.

1 21. Every retail installment contract shall be in writing and shall con-
2 tain all of the agreements between the retail buyer and retail seller relating
3 to the installment sale of the goods purchased and shall be signed both by
4 the retail buyer and the retail seller.

1 22. Every retail installment contract shall state the names and addresses
2 of all parties thereto, the date when signed by the retail buyer, and shall
3 contain a description of the goods sold which shall be sufficient for identifica-
4 tion. No retail installment contract shall be signed by any party thereto when
5 such contract contains blank spaces to be filled in after such contract has
6 been signed; however, this provision shall not apply to serial numbers or
7 other identifying marks which are not available for the description of the
8 goods at the time of the execution of the contract.

1 23. A copy of the retail installment contract shall be furnished by the
2 retail seller to the retail buyer at the time the retail buyer signs the con-
3 tract except that such copy need not contain the signature of the retail seller.
4 Such copy shall be furnished the retail buyer without charge.

1 24. Every retail installment contract shall contain the following notice
2 printed prominently, in the form herein indicated, in 10-point bold type or
3 larger, directly above the notice required by section 25:

4 "NOTICE TO RETAIL BUYER

5 Do not sign this contract in blank.

6 You are entitled to a copy of the contract at the time you sign.

7 Keep it to protect your legal rights."

1 25. Any acknowledgment by the retail buyer of receipt of a copy of the
2 contract shall be printed or written in a size equal to at least 10-point bold
3 type and, if contained in the contract, shall appear directly above the space
4 provided in the contract form for the signature of the retail buyer.

1 26. Every retail installment contract shall provide for the payment of
2 the time balance as determined in section 27(h) in substantially equal pe-
3 riods of time and in substantially equal amounts; provided that the retail
4 seller may defer the initial installment for a period of 60 days; and provided,

5 further, that when appropriate for the purpose of facilitating payment, in
6 accordance with a retail buyer's intermittent income, a contract may provide
7 for payment on a schedule which reduces or omits payments over a period or
8 periods not in excess of 93 days in any 12-month period. When a retail install-
9 ment contract provides for unequal or irregular installments, the time price
10 differential shall not exceed the effective rate provided in section 41, having
11 due regard for the schedule of installments. When in any retail installment
12 contract the purchase of goods is combined with the purchase of food, the
13 time balance on which is stated as 1 amount, that part of the time balance
14 on the sale of goods shall be subject to the provisions of this section, but that
15 part of the time balance on the purchase of food may be payable in a shorter
16 time and added to the equal payment installment on the goods.

1 27. Every retail installment contract shall set forth the following sep-
2 arate items:

3 (a) The cash price of the goods which are the subject matter of the
4 retail installment contract;

5 (b) The down payment made by the retail buyer, indicating whether
6 made in cash or in goods or partly in cash and partly in goods. The amount
7 of the payment in cash and in goods shall be shown separately. A descrip-
8 tion of the goods, if any, sufficient for identification, shall be shown;

9 (c) The unpaid cash balance which shall be the difference between the
10 cash price (subsection (a)) and the down payment (subsection (b));

11 (d) The amount, if any, if a separate charge is made therefor, included
12 for insurance and other benefits, specifying the coverages and benefits;

13 (e) The amount of official fees;

14 (f) The principal balance, which is the sum of subsections (c), (d)
15 and (e);

16 (g) The amount of the time price differential;

17 (h) The time balance, which is the sum of subsections (f) and (g), owed
18 by the retail buyer to the retail seller, the number of installments required,
19 the amount of each installment expressed in dollars and the due date or pe-
20 riod thereof;

21 (i) The time sales price, which is the sum of subsections (b) and (h).

1 28. Whenever a retail installment contract by its terms permits the in-
2 elusion of additional goods purchased after the original agreement, and such
3 goods are so purchased and the amount due on the new purchase is combined
4 with an unpaid balance on any prior purchase so as to permit the retail seller
5 to retain title to or reserve a lien upon all goods under the combined agree-
6 ment, the retail seller shall, at the time of the additional purchase, deliver to
7 the retail buyer and attach to the original agreement:

8 (a) A statement containing all the information with respect to the addi-
9 tional purchase required to be included in a retail installment contract; and

10 (b) A statement showing the amount due on the agreement immediately
11 previous to the new purchase, the amount due after the new purchase, the
12 payments agreed to be made thereafter, and the number of additional months
13 required to complete the payments.

1 29. Whenever a payment is made on such a continuing agreement after
2 additional purchases have been added, the payment shall be considered as
3 allocated among each of the separate purchases included, in the same propor-
4 tions which the original cash price of each bears to the total cash price of all
5 goods to which the retail seller has retained title, and the retail seller before
6 repossessing or attempting to repossess any goods under any such agreement
7 shall actually allocate in such manner all such payments made to him by the
8 retail buyer. When the amount owing on any separate purchase has been
9 fully paid, the goods so paid for shall become the absolute property of the
10 retail buyer and shall not be subject to repossession for any subsequent de-
11 fault on the agreement. The retail buyer under any such agreement may at
12 any time prepay the amount due on any of the separate purchases and in case
13 of repossession may redeem any of such separate purchases by payment of
14 the amount due on such purchase alone.

1 30. The retail buyer may be required to insure the goods at the retail
2 buyer's expense for the protection of the retail seller or subsequent holder
3 which insurance may be purchased by the holder. Such insurance shall be

4 written for the dual protection of the retail buyer and the retail seller or sub-
5 sequent holder to the extent of his interest in the goods and shall be limited
6 to insurance against substantial risk of damage, destruction, or theft of such
7 goods and shall be upon terms and conditions, which are reasonable and
8 appropriate, considering the type and conditions of such goods. When the
9 retail buyer fails or is unable to acquire insurance or the retail seller or sub-
10 sequent holder is unable to purchase insurance covering the dual protection
11 of the retail buyer and retail seller or subsequent holder, the retail seller or
12 holder may purchase a single interest insurance policy on the goods and may
13 collect the premium therefor from the retail buyer.

1 31. The retail buyer shall have the privilege of supplying insurance on
2 the goods through an agent or broker of his own selection and selecting an
3 insurance company acceptable to the retail seller; provided, however, the in-
4 clusion of the premium for such insurance in the retail installment contract,
5 when the retail buyer selects the company, agent or broker, shall be optional
6 with the retail seller. The amount, if any, included for such insurance shall
7 not exceed the premiums chargeable in accordance with the applicable rates
8 filed with the commissioner for such insurance. The retail seller or holder, if
9 the premium for dual insurance on the goods is included in a retail install-
10 ment contract, shall within 25 days after the execution of the retail install-
11 ment contract send or cause to be sent to the retail buyer a policy or policies
12 or certificate of insurance, written by an insurance company authorized to do
13 business in this State, clearly setting forth the amount of the premium, the
14 kind or kinds of insurance and the scope of the coverage and all the terms,
15 exceptions, limitations, restrictions and conditions of the contract or con-
16 tracts of insurance. The holder of a retail installment contract shall, if the
17 goods described therein have been repossessed and sold, cancel any insurance
18 on the goods and any other insurance or other benefits then in force and shall
19 credit the amount of the return premium thereon to the unpaid balance out-
20 standing on the retail installment contract.

1 32. Whenever, in the sale of a motor vehicle, the retail buyer is required,
2 under the provisions of this act, to provide a policy of insurance and such
3 policy of insurance does not contain the liability insurance provisions of sec-
4 tions 3, 24, 25 or 26 of the Motor Vehicle Security Responsibility Law (P. L.
5 1952, c. 173), the retail installment contract shall contain, immediately follow-
6 ing the statement therein concerning insurance, the following notice printed
7 prominently, in the form herein indicated or in such other form as may be
8 approved by the commissioner, in 10-point type or larger:

9 “THIS DOES NOT INCLUDE INSURANCE ON YOUR LIA-
10 BILITY FOR BODILY INJURY OR PROPERTY DAMAGE.
11 WITHOUT SUCH INSURANCE, YOUR LICENSE AND
12 REGISTRATION MAY BE REVOKED IF YOU HAVE AN
13 ACCIDENT.”

1 33. In addition to insurance on the goods, by agreement with the retail
2 buyer, the retail seller may purchase such other insurance and other benefits
3 as the retail buyer shall contract for; provided, however, that the retail buyer
4 may cancel such additional insurance and other benefits, other than credit
5 life and credit accident and health insurance, at any time prior to the expira-
6 tion of such insurance contracts or benefits.

1 34. If any policy or policies or certificates of insurance or other benefits
2 are canceled, or the premiums thereon adjusted, the unearned insurance
3 premium refund or refund on other benefits received by the retail seller or
4 subsequent holder of the retail installment contract shall be credited to the
5 next maturing installments of the retail installment contract, except to the
6 extent applied toward payment for similar insurance protecting the interest
7 of the buyer and the retail seller or holder of the contract or any of them;
8 provided that in the case of credit life or credit accident and health insur-
9 ance, the refund to the buyer shall be made in accordance with chapter 169
10 of the laws of 1958, and provided further that if the amount of such refund is
11 less than the minimum prescribed by the commissioner, no refund need be
12 made.

1 35. No retail installment contract shall contain any acceleration clause
2 under which any part or all of the time balance, not yet matured, may be
3 declared immediately due and payable because the retail seller or holder
4 deems himself to be insecure.

1 36. No retail installment contract shall contain any provisions whereby
2 the retail buyer waives any right of action against the retail seller, holder
3 or other person acting on his or her behalf for any illegal act committed in
4 the collection of the payments under the contract or in the repossession of
5 the goods, the subject of the retail installment contract.

1 37. No retail installment contract or separate instruments executed in
2 connection therewith shall contain any power of attorney to confess judgment
3 or any other power of attorney.

1 38. No retail installment contract shall contain any provision relieving
2 the retail seller from liability for any legal remedies which the retail buyer
3 may have against the retail seller under the contract.

1 39. No retail seller shall at any time take either in a retail installment
2 contract or in a separate instrument, any assignment of or order for the
3 payment of any salary, wages, commissions, or other compensation for serv-
4 ices, or any part thereof, earned or to be earned.

1 40. No retail seller, sales finance company or holder shall make any loan
2 of money or advance of credit to a retail buyer *on* or in connection with any
3 retail installment contract and charge, contract for or receive thereon a
4 greater rate of interest than he would otherwise be permitted by law to
5 charge except in accordance with the provisions of this act; provided, how-
6 ever, that nothing contained in this section shall prohibit a banking institu-
7 tion from making any loan which it otherwise is permitted by law to make.

1 41. A retail seller and a motor vehicle installment seller, under the provi-
2 sions of this act, shall have authority to charge, contract for, receive or collect
3 a time price differential as defined in this act, on any retail installment
4 contract evidencing the sale of goods which shall not exceed the rates for the
5 respective classification as follows:

6 Class I. New motor vehicles, an amount not to exceed \$7.00 per \$100.00
7 per year;

8 Class II. Used motor vehicles of a model designated by the manufac-
9 turer by a year not more than 2 years prior to the year in which the sale is
10 made, an amount not to exceed \$10.00 per \$100.00 per year;

11 Class III. Older used motor vehicles of a model designated by the manu-
12 facturer by a year more than 2 years prior to the year in which the sale is
13 made, an amount not to exceed \$13.00 per \$100.00 per year;

14 Class IV. On all other goods, an amount not to exceed \$10.00 per \$100.00
15 per year.

16 The time price differential shall be computed on the amount of the prin-
17 cipal balance as determined in section 27 (f), from the date of the contract to
18 the due date of the final installment, notwithstanding the fact that the con-
19 tract is to be repaid in installments.

20 If the time price differential so computed is less than \$12.00, and if the
21 due date of the last installment of the contract is more than 8 months after
22 the date of the contract, a charge of not more than \$12.00 may be made in
23 lieu of the time price differential. If the time price differential so computed
24 is less than \$10.00, and if the due date of the last installment of the contract
25 is 8 months or less after the date of the contract, a charge of not more than
26 \$10.00 may be made in lieu of the time price differential.

1 42. (a) The holder of any retail installment contract may collect a
2 delinquency or collection charge for default in the payment of any such
3 contract or any installment thereof, if provided for in the contract where such
4 default shall have continued for a period of 10 days, such charge not to
5 exceed 5% of each installment in default or the sum of \$5.00, whichever is
6 the lesser. Such delinquency may be collected by the holder of the retail
7 sales contract or charged to the retail buyer's account. If charged to the
8 retail buyer's account, such charge shall be made within 35 days from the date
9 of such default and then a written notification that such charge has been
10 made shall be mailed to the retail buyer within 5 days from the date when
11 such charge was made.

12 (b) In addition to such delinquency and collection charge, the retail
13 installment contract may also provide for the payment of attorney's fees not
14 exceeding 20% on the first \$500.00 and 10% on any excess of the amount due
15 and payable under such contract when referred to an attorney, not a salaried
16 employee of the holder of the contract, for collection.

1 43. Any retail buyer may satisfy in full at any time before maturity the
2 amount of any balance to become due on any retail installment contract, and
3 in so satisfying any such debt shall receive a refund credit thereon for such
4 anticipation of payments. The amount of such refund shall represent at
5 least as great a proportion of the time price differential, less an acquisition
6 cost of \$15.00, as the sum of the periodical time balances scheduled by the
7 contract to follow the installment date after the date of prepayment bears to
8 the sum of all the periodical time balances under the schedule of payments
9 in the original contract. Where the amount of the credit for anticipation of
10 payments is less than \$1.00, no refund need be made.

1 44. The holder of a retail installment contract may extend the scheduled
1A due date of any retail installment contract and defer the scheduled
2 due date of any or all installment payments, or reduce the amount of any or
3 all installments and may, as a consideration therefor, make a total addi-
4 tional charge not to exceed the amount ascertained under either of the fol-
5 lowing methods of computation at the respective rates indicated by the fol-
6 lowing options:

7 Option 1. The additional charge shall be computed on the amount of the
8 scheduled installment or installments extended, deferred or reduced for the
9 period or periods for which each installment or part thereof is extended, de-
10 ferred or reduced at the following rates on contracts originally in the respec-
11 tive classifications set forth in section 41 of this act:

- 12 Class I. 1% per month;
- 13 Class II. 1½% per month;
- 14 Class III. 2% per month;
- 15 Class IV. 2% per month.

16 Option 2. The holder of a retail installment contract by written agree-
17 ment may renew the entire unpaid balance on any retail installment contract
18 and may make a charge therefor at the rates charged in the original contract
19 from the date of renewal to the maturity of the final installment. The amount
20 of the balance to be renewed shall be obtained by adding to the existing un-
21 paid balance on the original contract, the cost of any insurance or other
22 benefits for the period of the extension and any accrued default charges
23 and refunding the unearned portion of the time price differential charged ac-
24 cording to the formula provided in section 43 of this act; provided, however,
25 that in computing the unearned time price differential charge no allowance
26 shall be taken for the amount of the acquisition cost permitted therein.

1 45. No retail seller under a retail installment contract, executed in this
2 State, shall sell, transfer or assign the obligation represented by such con-
3 tract or any evidence of indebtedness thereunder to any person who is not
4 authorized as a sales finance company pursuant to the provisions of this act,
5 except that such obligation or evidence of indebtedness may be sold, trans-
6 ferred or assigned to a State or national bank outside of this State if the
7 retail installment contract is retained by the retail seller or sales finance
8 company and collection of payments thereon is made to the retail seller or
9 sales finance company.

1 46. If a retail installment contract is lawfully sold, transferred or as-
2 signed, pursuant to the provisions of this act, and a written notice of such
3 sale, transfer or assignment setting forth the name and address of the new
4 holder and of the person authorized to receive future payments on such
5 contract is not given to the retail buyer, any payment or tender of payment
6 made to and any service of notice on the last known holder by the retail
7 buyer shall be binding upon any subsequent holder.

1 47. The provisions of section 45 shall not apply to any assignment of an
2 aggregation of retail installment contracts, which is executed by a retail
3 seller or sales finance company as collateral security only for a bona fide
4 commercial loan, and under which, in the absence of default or other bona

5 fide breach of the contract, ownership of the assigned retail installment con-
6 tracts remains vested in the retail seller or sales finance company, and collec-
7 tion of payments on such assigned contracts is made by the retail seller or
8 sales finance company; and provided such assignment of contracts is not made
9 for the purpose of evading or circumventing the provisions of this act.

1 48. Upon written request from the retail buyer, the retail seller or holder
2 of the retail installment contract shall give or forward to the retail buyer
3 within 10 days from receipt of the written request a written statement of
4 the retail buyer's account, showing the dates and amounts of all payments
5 made or credited to the account and the total amount, if any, unpaid under
6 such contract. No more than 2 such statements shall be required from a
7 holder in any 12-month period.

1 49. Whenever payment is made on account of any retail installment
2 contract in cash, the person receiving such payment shall, at the time of re-
3 ceiving such payment, furnish to the retail buyer, or the person making such
4 payment on behalf of the retail buyer, a complete written receipt therefor,
5 showing the date, identification of the account and the amount paid.

1 50. No retail seller, and no sales finance company, shall charge, contract
2 for, collect or receive from any retail buyer, directly or indirectly, any fur-
3 ther or other amount for costs, charges, insurance premiums, examination,
4 appraisal service, brokerage, commission, expense, interest, discount, fees,
5 fines, penalties or other things of value in connection with retail installment
6 contracts other than the charges permitted by this act, except court costs,
7 attorney fees and the expenses of retaking and storing repossessed goods
8 which are authorized by law.

1 51. No retail seller shall collect or retain any amount whatsoever in con-
2 nection with the contemplated sale of goods under a retail installment sales
3 contract, if such sale is not made; provided, however, that nothing contained
4 herein shall affect the legal status of a deposit paid by a prospective retail
5 buyer to a retail seller as a binder on the contemplated purchase of goods.

1 52. With respect to Class I, Class II, and Class III goods as defined in sec-
2 tion 41, upon payment in full by the retail buyer of the time balance and

3 other amounts lawfully due under a retail installment contract, the holder
4 shall:

5 (a) Return to the retail buyer the original instruments evidencing in-
6 debtedness or constituting security under a retail installment contract, which
7 were signed by the retail buyer or his sureties or guarantors in conjunction
8 with such contract, excepting such instruments as are filed or recorded with
9 a public official and retained in the files of such official;

10 (b) Release all security interest in the goods or in any collateral secur-
11 ity to the obligation of the retail buyer under such contract;

12 (c) Deliver to the retail buyer such good and sufficient assignments
13 and certificates of title as may be necessary to vest the retail buyer with
14 complete evidence of title.

15 With respect to Class IV goods as defined in section 41, the holder,
16 upon payment in full by the retail buyer of the time balance and other
17 amounts lawfully due under a retail installment contract, shall furnish the
18 retail buyer with such instrument as the commissioner may by regulation
19 provide.

1 53. When the final payment on a retail installment contract is made in
2 cash by the retail buyer, or his authorized representative, at the designated
3 licensed office of the holder, the certificate of ownership and other evidence
4 of lien, showing satisfaction of the encumbrance, unless otherwise provided
5 by rule or regulation of the commissioner, shall be delivered at the time of
6 such payment if demanded by the retail buyer, otherwise delivery may be
7 made at a later date in person or by mail as may be arranged between re-
8 tail buyer and holder; all other instruments shall be delivered or mailed to
9 the retail buyer within 35 days from the date of final payment.

1 54. Whenever, in any retail installment contract under this act, the re-
2 tail seller or any subsequent holder has knowingly charged, contracted for
3 or received from the retail buyer any costs or charges not authorized by
4 this act, all costs and charges in connection with such contract, other than
5 for insurance and other benefits, shall be void and unenforceable, and any

6 such costs or charges other than for insurance and other benefits shall be
7 applied to the unpaid balance or, if the account has been fully paid, remitted
8 to the retail buyer, and the retail buyer shall be entitled to recover all such
9 costs or charges.

1 55. Any person, and any director, officer, employee, agent, or repre-
2 sentative thereof, who or which shall engage in this State in the business
3 of a sales finance company or motor vehicle installment seller without hav-
4 ing first obtained a license, as required by this act, shall be liable to a
5 penalty of not more than \$1,000.00 for each offense.

1 56. (a) Any person conducting business under this act and any director,
2 officer, partner, member, employee, agent, or representative thereof who shall
3 knowingly violate any provision of this act or shall directly or indirectly
4 counsel, aid or abet such violation shall be liable to a penalty of not more
5 than \$500.00 for each offense.

6 (b) The penalties provided for by this act shall be sued for and recovered
7 by and in the name of the commissioner and shall be collected and enforced
8 by summary proceedings pursuant to the Penalty Enforcement Law (N. J. S.
9 2A:58-1 et seq.).

1 57. If any provision of this act or the application thereof to any person
2 or circumstance is held unconstitutional, the remainder of the act and the
3 application of such provision to other persons or circumstances shall not be
4 affected thereby.

1 58. Chapter 419, P. L. 1948, entitled, "An act to define and regulate
2 retail installment sales in the amount of or of the value of \$3,000.00 or less
3 and to license and regulate sales finance companies," approved September
4 29, 1948, is hereby repealed, and all laws and parts of laws which are in-
5 consistent with or repugnant to the provisions of this act are hereby
6 superseded; provided, however, that nothing herein contained shall be con-
7 strued to impair or affect any rights, obligations, liabilities or criminal, civil
8 or administrative proceedings arising under the aforesaid act.

1 59. Any sales finance company holding a license under the provisions of
2 chapter 419, P. L. 1948, approved September 29, 1948, and doing business on
3 the date this act takes effect, shall be considered to have been licensed under
4 and subject to the provisions of this act for the period ending December 31,
5 1960, at which time it must obtain a license under the provisions of this act.

1 60. This act shall be known and may be cited as the "Retail Install-
2 ment Sales Act of 1960."

1 61. This act shall take effect 90 days from the date of its approval.