

# R.S. 17:10 - 2 et seq.

February 27, 1968

## LEGISLATIVE HISTORY OF R.S. 17:10-2 et seq. (Small Loan Business)

(1967 amendments)

Bills to prohibit wage assignments as security for small loans were introduced beginning in 1962:

- 1962 - A525 - Stamler  
Applied to municipalities and counties.  
Died in Committee.
- 1964 - A469 - McDermott (and others)  
Passed Assembly, amended.  
Died in Senate Committee.
- 1964 - A478 - Hiering  
Applies to local public employees.  
Died in Assembly Committee.
- 1964 - S141 - Stamler  
Died in Senate Committee.
- 1965 - A375 - McDermott (and others)  
Passed Assembly.  
Died in Senate Committee.
- 1966 - A150 - McDermott (and others).  
Died in Assembly Committee.
- 1966 - S374 - Parsekian (and others)  
Died in Senate Committee.
- 1967 - A268 - Curry & McDermott (copy enclosed).  
No statement.  
Died in Assembly Committee.
- 1967 - S37 - Parsekian (and others)  
Bill had statement (copy enclosed).  
Had 2d reading in Senate.

COPY NO. 1

for material  
See copy 2, 3, 4

Bills to revise small loan business were introduced beginning in 1965:

- 1965 - S163 - Stout & Kelly  
Passed Senate.  
Died in Assembly Committee.

1965 - AR16 - McDermott (and others) (copy enclosed).  
No statement.  
Creates special Committee to study small loan companies.  
May 3 - Passed Assembly.  
May 14 - Filed.

Committee held hearing:

974.90 N.J. Legislature. Assembly. Special Committee  
B218 to Study and Investigate Lending Practices of  
1965a Small Loan Companies.  
Public hearing ... 2 vols.

1966 - A841 - Tanzman & McDermott (copy enclosed).  
No statement.  
Had 2d reading in Assembly.

1966 - S196 - Kelly & Stout (copy enclosed).  
No statement.  
Passed Senate, amended (copy of amendment enclosed).  
Lost floor vote in Assembly.

1966 - AR3 - McDermott (and others) (copy enclosed).  
To reconstitute special committee to study small loan companies.  
Had 2d reading in Assembly.  
Recommitted and died.

1967 - A592 - Sweeney (and others) (copy enclosed)  
No statement.  
Died in Assembly Committee.

1967 - AR6 - McDermott (copy enclosed)  
To reconstitute study committee.  
Died in Assembly Committee.

1967 - S316 - Introduced Feb. 14 by Kelly & Stout (copy enclosed).  
No statement.  
March 13 - Passed Senate.  
Died in Assembly Committee.

Bill which became law was:

L. 1967, Chapter 94 - A403  
Introduced January 16 by Tanzman, McDermott, Albanese, Wilentz & Curry.  
No statement (copy of page 6 of original bill enclosed).  
March 20 - Passed Assembly.  
May 8 - Passed Senate, amended (copy of amendment enclosed).  
May 8 - Senate amendment passed Assembly.  
June 8 - Approved.

RS/PC

Some pertinent newspaper articles on this legislation:

- "Small Loan Practices Hit At Assembly Unit Hearing," N.E.N., 6/29/65.
- "New Jersey Small Loans Hearing Will Continue Thursday," Daily Journal 9/28/65.
- "Small Loan Practices Hit," T.T., 10/1/65.
- "Consumers Unit Questions Some Loans Act Revisions," N.E.N., 10/1/65.
- "New Jersey Lending Practices Are Under Examination," N.E.N., 1/9/66.
- "Mandatory Pay Assignment Seen Key to Entire System," N.E.N., 1/10/66.
- "Rate Cut Tied To Loan Hike," N.E.N., 1/11/66.
- "Clients' Letters Stress Charges," N.E.N., 1/12/66.
- "Small Loans Reforms Seen Closer to Adoption," N.S.N., 1/30/66.
- "Loan Bill Introduced," N.E.N., 2/15/66.
- "Garnishment Bill Dies in Assembly," N.E.N., 2/15/66.
- "Legislature Again Fenders Small Loan Law Changes," N.S.N., 2/20/66.
- "Small Loans Reform," N.E.N., 2/23/66.
- "Small Loan Bill Delayed," N.E.N., 5/26/66.
- "A Better Way," N.E.N., 5/31/66.
- "Small Loan Bill Passed," N.E.N., 6/1/66.
- "Small Loan Bills Pass Senate," N.E.N., 6/1/66.
- "Loan Bill Defeated," N.E.N., 6/16/66.
- "Bill Curbing Loan Firms Would End Garnishing," N.S.L., 2/10/67.
- "Loan Bill Advances," T.E.T., 3/21/67.
- "Senate Opposition Looms On Small Loan Reform Bill," N.E.N., 3/21/67.
- "Small Loans Reform," N.E.W., 3/13/67.
- "Consumers League Version Of Small Loan Law Favored," T.E.T., 3/14/67.
- "Senate Small Loan Bill Goes to Assembly Committee," N.E.N., 3/14/67.
- "McDermott Seeks to Revive His Small Loan Committee," N.S.N., 3/19/67.
- "Loan Bill Signing Set," N.E.N., 6/2/67.
- "Limit On Loans Hiked In New Law," T.E.T., 6/8/67.
- "New Law Limits Interest On Loans," Record Trenton Bureau, 6/9/67.
- "New Jersey Small Loan Changes Increase Limit to \$1,000," Courier-Post, 9/7/67.
- "Change in State's Small Loan Law Attracts Borrowers by the Doves," N.E.N., 9/1/67.

**ASSEMBLY, No. 403**

**STATE OF NEW JERSEY**

INTRODUCED JANUARY 16, 1967

By Assemblymen TANZMAN, McDERMOTT, ALBANESE and WILENTZ

Referred to Committee on Business Affairs

AN ACT concerning the small loan business, amending sections 17:10-2, 17:10-3, 17:10-5, 17:10-6, 17:10-7, 17:10-8, 17:10-9, 17:10-10, 17:10-13, 17:10-14, 17:10-15, 17:10-16, 17:10-17, 17:10-18, 17:10-19, 17:10-20, and repealing section 17:10-4 of the Revised Statutes, and chapter 107 of the laws of 1958.

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

1 1. Section 17:10-2 of the Revised Statutes is amended to read as follows:

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

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

1 2. Section 17:10-3 of the Revised Statutes is amended to read as follows:

2 17:10-3. Application for the license shall be in writing, under oath or affir-  
3 mation, and in the form prescribed by the commissioner. It shall state the  
4 name and address both of the residence and place of business of the applicant,

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

5 and if the applicant is a copartnership or association, of every member  
6 thereof, and if a corporation, of each officer and director thereof. It shall  
7 also state the county and municipality with street and number if any, where  
8 the business is to be conducted and any other information the commissioner  
9 requires. The applicant, at the time of making the application, shall pay to  
10 the commissioner the sum of ~~[\$50.00]~~ \$150.00 as a fee for investigating the  
11 application and the additional sum of \$200.00 as an annual license fee for a  
12 period terminating on the last day of the current calendar year. If the busi-  
13 ness is to be conducted in a municipality having a population of less than  
14 15,000, the payment shall be \$100.00 as the license fee in addition to the fee for  
15 investigation. If the application is ~~[filed]~~ *approved* after June 30 in any year  
16 the license fee shall be  $\frac{1}{2}$  the sum which would otherwise be payable here-  
17 under. In addition to the annual license fee every licensee hereunder shall  
18 pay to the commissioner the actual cost of each examination of his business  
19 as provided for in section 17:10-11 of this Title.

20 Every applicant shall, in writing, and in due form to be prescribed by  
21 the commissioner, file with the application a duly executed instrument consti-  
22 tuting the commissioner and his successors in office the true and lawful agent  
23 and attorney of the applicant in this State, upon whom all original process  
24 in any action or legal proceeding, caused by the operation of a small loan  
25 business under this chapter, against the applicant or licensee may be served,  
26 except the notices prescribed in sections 17:10-7 and 17:10-10 of this Title.  
27 The applicant shall agree therein that any original process or legal proceed-  
28 ing, except as above stated, against the applicant or licensee shall be of the  
29 same force and effect as if served on the applicant or licensee personally.  
30 The commissioner shall keep a record of such process, showing the date and  
31 the hour of service.

32 Every applicant shall also prove in form satisfactory to the commis-  
33 sioner, that said applicant has a net worth of at least \$25,000.00 and has avail-  
34 able for the purpose of making loans under this chapter, at the location  
35 specified in the application, liquid assets of at least \$25,000.00.

1 3. Section 17:10-5 of the Revised Statutes is amended to read as follows:

2 17:10-5. (a) Investigation of application. Upon the filing of such applica-  
3 tion ~~[and bond]~~ and the payment of such fees, the commissioner shall investi-  
4 gate the facts concerning the application and the requirements provided for  
5 in subsection (b) of this section. Within 20 days after the filing of such  
6 application, he shall mail a notice of the receipt of the application to each  
7 licensee having a place of business in the county where the applicant pro-  
8 poses to do business. Every applicant shall within ~~[7]~~ 10 days from the filing  
9 of the application cause to be published a notice of the application in a news-  
10 paper, designated by the commissioner, which has general circulation in the

11 county in which the applicant proposes to do business and in the form pre-  
 12 scribed by the commissioner. If objections to the issuance of the license are  
 13 filed with the commissioner within 10 days after notice of the application has  
 14 been mailed by the commissioner, he shall designate a time and place for a  
 15 hearing, which time shall not be less than **[1 week]** *7 days* nor more than  
 16 **[2 weeks]** *60 days* after the 10 days' limitation for filing objections has expired.

17 (b) Issuance of license. If the commissioner, upon the filing of the ap-  
 18 plication **[, approval of the bond]** and payment of the fees, and after the  
 19 hearing in the event objections are filed, finds (a) that the financial responsi-  
 20 bility, experience, character and general fitness of the applicant and members  
 21 thereof if the applicant is a copartnership or association, and of the officers  
 22 and directors thereof if the applicant is a corporation, are such as to command  
 23 the confidence of the community and to warrant belief that the business will  
 24 be operated honestly, fairly and efficiently within the purposes of this chap-  
 25 ter, (b) that allowing the applicant to engage in business will promote the  
 26 convenience and advantage of the community in which the business of the  
 27 applicant is to be conducted and (c) that the applicant has a net worth of at  
 28 least \$25,000.00 and has available for the purpose of making loans under this  
 29 chapter at the specified location liquid assets of at least \$25,000.00, he shall  
 30 thereupon issue and deliver a license to the applicant to make loans in ac-  
 31 cordance with this chapter at the location specified in the application. The  
 32 license shall remain in full force and effect until it is surrendered by the  
 33 licensee or revoked or suspended as hereinafter provided.

34 If the commissioner shall not so find he shall not issue the license and he  
 35 shall notify the applicant of the denial and return to the applicant **[the bond**  
 36 **and]** the appointment for service of process and the sum paid by the appli-  
 37 cant as a license fee, retaining the **[\$50.00]** *\$150.00* investigation fee to cover  
 38 the costs of investigating the application. The commissioner shall approve or  
 39 deny every application for license hereunder within **[60]** *120* days from the  
 40 **[filing thereof with the fees and the approved appointment and bond]** *hear-*  
 41 *ing, if any, but if there shall be no hearing then within 60 days after the 10*  
 42 *days limitation for filing objections has expired.*

1 4. Section 17:10-6 of the Revised Statutes is amended to read as follows:

2 17:10-6. The license shall state *the name of the licensee*, the address at  
 3 which the business is to be conducted **[and shall state fully the name of the**  
 4 **licensee, and if the licensee is a copartnership or association, the names of the**  
 5 **members thereof, and if a corporation, the date and place of its incorpora-**  
 6 **tion and the names of its directors]**, *the date of issuance and may contain*  
 7 *such other information as the commissioner may see fit to provide.* The license  
 8 shall be kept conspicuously posted in the place of business of the licensee and  
 9 shall not be transferable or assignable.

1 5. Section 17:10-7 of the Revised Statutes is amended to read as follows:  
 2 17:10-7. **¶**If the commissioner finds at any time that the bond is insecure  
 3 or exhausted or otherwise doubtful, an additional bond to be approved by  
 4 him, with one or more sureties and of the character specified in section 17:10-4  
 5 of this Title, in the sum of not more than \$5,000.00, shall be filed by the licensee  
 6 within 10 days after written demand upon the licensee by the commissioner. **¶**

7 Every licensee shall have at all times a net worth of at least \$25,000.00  
 8 and shall maintain at all times assets of at least \$25,000.00 either in liquid  
 9 form available for or actually used in the making of loans under this chapter  
 10 at the location specified in the license.

1 6. Section 17:10-8 of the Revised Statutes is amended to read as follows:  
 2 17:10-8. Not more than one place of business shall be maintained under  
 3 the same license, but the commissioner may issue more than one license to the  
 4 same licensee upon compliance with all the provisions of this chapter govern-  
 5 ing an original issuance of a license, for each new license.

6 Whenever a licensee desires to change his place of business to another  
 7 location within the same municipality, the commissioner, on application, if he  
 8 finds that the interests of the community will be served thereby, shall **¶**indorse  
 9 on the license a transfer to the new place of business, with the date of trans-  
 10 fer, which indorsement **¶** *give his written approval of the proposed change by*  
 11 *issuing a certificate under his hand and official seal authorizing such change*  
 12 *and specifying the date on or after which, and the place to which, such change*  
 13 *may be made, which certificate shall be authority for the operation of the*  
 14 *business under the license at the new location. No change in the place of*  
 15 *business of a licensee to a location outside of the original municipality shall*  
 16 *be permitted under the same license.*

1 7. Section 17:10-9 of the Revised Statutes is amended to read as follows:  
 2 17:10-9. Every licensee shall, on or before December **¶**20 **¶** 10 of each  
 3 year, pay to the commissioner the sum of \$200.00 as an annual license fee  
 4 for the next succeeding calendar year, but if the place of business licensed  
 5 hereunder is located in a municipality having a population of less than 15,000,  
 6 the payment shall be \$100.00 as such annual license fee for the next succeed-  
 7 ing calendar year. **¶**The licensee shall in either event at the same time file  
 8 with the commissioner a bond in the same amount and of the same character  
 9 as required by section 17:10-4 of this Title. **¶**

1 8. Section 17:10-10 of the Revised Statutes is amended to read as follows:  
 2 17:10-10. The commissioner shall revoke any license issued hereunder,  
 3 upon 10 days' notice to the licensee stating the contemplated action and in  
 4 general the grounds therefor, and after reasonable opportunity to be heard,  
 5 if he finds that:

6 a. The licensee has failed to pay the annual license fee [or to main-  
7 tain in effect the bond or bonds] required under this chapter or to comply with  
8 any demand, ruling, or requirement of the commissioner lawfully made pur-  
9 suant to and within the authority of this chapter;

10 b. The licensee has violated any provision of this chapter or any rule  
11 or regulation lawfully made by the commissioner under and within the au-  
12 thority of this chapter;

13 c. Any fact or condition exists which, if it had existed at the time of  
14 the original application for the license, clearly would have warranted the  
15 commissioner in refusing originally to issue the license.

16 The commissioner may, without notice or hearing, suspend any license  
17 for a period not exceeding 30 days, pending investigation.

18 The commissioner may revoke or suspend only the particular license with  
19 respect to which grounds for revocation or suspension may occur or exist, or,  
20 if he finds that such grounds for revocation or suspension are of general appli-  
21 cation to all offices, or to more than one office, operated by the licensee, he shall  
22 revoke or suspend all of the licenses issued to the licensee or such number of  
23 licenses as such grounds apply to, as the case may be.

24 Any licensee may surrender any license by delivering to the commis-  
25 sioner written notice that he thereby surrenders the license, but the surrender  
26 shall not affect the licensee's civil or criminal liability for acts committed  
27 prior to the surrender.

28 No revocation or suspension or surrender of any license shall impair or  
29 affect the obligation of any pre-existing lawful contract between the licensee  
30 and a borrower.

31 Every license issued hereunder shall remain in force and effect until the  
32 same shall have been surrendered, revoked, or suspended in accordance with  
33 the provisions of this chapter, but the commissioner may on his own motion  
34 reinstate suspended licenses or issue new licenses to a licensee whose license  
35 or licenses shall have been revoked if no fact or condition then exists which  
36 clearly would have warranted the commissioner in refusing originally to issue  
37 the license under this chapter.

1 9. Section 17:10-13 of the Revised Statutes is amended to read as follows:

2 17:10-13. No licensee shall advertise, print, display, publish, distribute,  
3 *telecast* or broadcast, or permit to be advertised, printed, displayed, pub-  
4 lished, distributed, *telecast* or broadcast, any statement or representation  
5 which refers to the supervision by the State of the business licensed here-  
6 under. No licensee or any other person shall knowingly in any such manner  
7 make or permit to be made any statement or representation with regard to the  
8 rates, terms, or conditions for making loans in the sum of [~~\$500.00~~] \$1,000.00  
9 or less, which is false, misleading, or deceptive.



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

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

20 No licensee shall conduct the business of making loans under the provi-  
 21 sions of this chapter within any office, room, or place of business in which  
 22 any other business is solicited or engaged in, or in association or conjunc-  
 23 tion therewith, except as may be authorized in writing by the commissioner.

24 No licensee shall transact such business or make any loan provided for by  
 25 this chapter under any other name or at any other place of business than that  
 26 named in the license.

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

30 Every loan contract shall provide for repayment of **[principal or]** prin-  
 31 cipal and interest *combined* in installments which shall be payable at approxi-  
 32 mately equal periodic intervals of time and which shall be so arranged that  
 33 no installment is substantially greater in amount than any preceding install-  
 34 ment, except that **[installments]** *the repayment schedule* may **[be deferred]**  
 35 *reduce or omit such installments* when necessary because of the seasonal  
 36 nature of the borrower's income. **\*[A contract for a loan under this chapter**  
 37 *shall not originally schedule any repayment of the cash advance over a*  
 38 *period in excess of 24 months.]\**

1 10. Section 17:10-14 of the Revised Statutes is amended to read as follows:

2 **\*[17:10-14. Every licensee hereunder may make an installment loan**  
 3 **[any sum of money]** not exceeding **[\$500.00]** \$1,000.00 and may charge,  
 4 contract for, and receive thereon interest at **[a monthly]** *an annual per-*  
 5 *centage rate not exceeding [2½% on that part of the unpaid principal bal-*  
 6 *ance not exceeding \$300.00 and ½ of 1% on any remainder of such unpaid*  
 7 *principal balance] 24% on loans not exceeding \$500.00 and at an annual*  
 8 *percentage rate not exceeding \*[21%] \*22%\* on the full amount of loans*  
 9 *over \$500.00 and not exceeding \$1,000.00.]\**

9A **\*17:10-14. Every licensee hereunder may loan any sum of money not**  
 9B *exceeding \$1,000.00, repayable in installments, and may charge, contract for*  
 9C *and receive thereon interest at an annual percentage rate not exceeding 24%*

9D on that part of the unpaid principal balance not exceeding \$500.00 and 22%  
 9E on any remainder of such unpaid principal balance.\*

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

19     No interest shall be paid, deducted, or received in advance. Interest  
 20 shall not be compounded and shall be computed only on unpaid principal  
 21 balances. For the purpose of computing interest, whether at the maximum  
 22 rate or less, a month shall be considered a calendar month and where a frac-  
 23 tion of a month is involved a day shall be considered  $\frac{1}{30}$  of a month.

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

29     In addition to the interest herein provided for no further or other  
 30 charge, or amount *whatsoever* for any examination, service, brokerage, com-  
 31 mission, expense, fee, or bonus or other thing or otherwise shall be directly  
 32 or indirectly charged, contracted for, or received, except (1) *amounts for in-*  
 33 *surance obtained or provided by the licensee in accordance with the provisions*  
 34 *of this chapter; and (2) on actual sale of the security in foreclosure proceed-*  
 35 *ings or upon the entry of judgment. If any interest, consideration or charges in*  
 36 *excess of those permitted by this chapter are charged, contracted for, or re-*  
 37 *ceived the contract of loan shall be void and the licensee shall have no right*  
 38 *to collect or receive any principal, interest, or charges whatsoever, and the*  
 39 *borrower shall be entitled to recover from the lender any sums paid or re-*  
 40 *turned to the lender by the borrower on account of or in connection with the*  
 41 *loan.*

1     11. Section 17 :10-15 of the Revised Statutes is amended to read as follows :  
 2     17:10-15. Every licensee shall: a. Deliver to the borrower at the time a  
 3 loan is made a state ment<sup>1</sup>, upon which there shall be printed a copy of section  
 4 17:10-14 of this Title,<sup>2</sup> in the English language showing in clear and distinct  
 5 terms the amount and date of the loan and of its maturity, the nature of  
 6 the security, if any, for the loan, the name and address of the borrower and  
 7 of the licensee, <sup>3</sup>and the agreed rate of charge;<sup>4</sup> *the payment schedule, the*  
 8 *amount of interest charges, and the annual percentage rate of interest;*

9 b. Give to the borrower a plain and complete receipt for all payments  
10 made on account of the loan at the time the payments are made, specifying  
11 the amount applied to interest and the amount, if any, applied to principal,  
12 and stating the unpaid balance, if any, of the loan;

13 c. Permit payment to be made in advance in any amount on any con-  
14 tract of loan at any time, but the licensee may apply the payment first to  
15 all interest in full at the agreed rate up to the date of the payment;

16 d. Upon repayment of the loan in full, mark indelibly every obligation  
17 and security signed by the borrower with the word "paid" or "canceled,"  
18 and release, *or give the borrower evidence to release any mortgage, or secu-*  
19 *rity interest which no longer secures an obligation to the licensee*, restore any  
20 pledge, cancel and return any note, and cancel and return any assignment  
21 given to the licensee by the borrower.

22 No licensee shall take any confession of judgment or any power of at-  
23 torney. No licensee shall take any note, promise to pay, or security that does  
24 not accurately disclose the [actual] amount of the loan, *the date of the loan,*  
25 [the time for which it is made, and the agreed rate of interest,] *the pay-*  
26 *ment schedule, the amount of interest charges, and the annual percentage*  
27 *rate of interest*, nor any instrument in which blanks are left to be filled in  
28 after [execution] *the loan is made.*

1 12. Section 17:10-16 of the Revised Statutes is amended to read as follows:

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

1 13. Section 17:10-17 of the Revised Statutes is amended to read as follows:

2 17:10-17. The payment of [\\$500.00] \$1,000.00 or less in money, credit,  
3 goods or things in action, as consideration for any sale, assignment or order  
4 for the payment of wages, salary, commissions or other compensation for  
5 services, whether earned or to be earned, shall, for the purposes of this  
6 chapter, be deemed a loan secured by the assignment[, and the amount by  
7 which the assigned compensation exceeds the amount of the consideration  
8 actually paid shall be deemed interest or charges upon the loan from the date  
9 of the payment to the date the compensation is payable]. The transaction  
10 shall be governed by and subject to the provisions of this chapter *and any*  
11 *such sale, assignment or order hereafter made shall, for the purposes of this*  
12 *chapter, be void and of no effect.*

1 14. Section 17:10-18 of the Revised Statutes is amended to read as follows:

2 17:10-18. No [assignment of or order for payment of any salary, wages,  
3 commissions, or other compensation for services, earned or to be earned, given  
4 to secure any loan made by any licensee under this chapter, shall be valid  
5 unless the amount of the loan is paid to the borrower simultaneously with  
6 its execution; nor shall the assignment or order, or any] chattel mortgage or  
7 security interest, as defined in section 12A:1-201 of Title 12A of the New  
8 Jersey Statutes, in, or other lien on, household furniture, then in the pos-  
9 session and use of the borrower, *shall*, be valid unless such [assignment,  
10 order or] chattel mortgage [or] *and* the financing statement and the secu-  
11 rity agreement [is] *are* in writing, signed in person by the borrower, and if  
12 the borrower is married unless it is signed in person by both husband and  
13 wife. The written assent of a spouse shall not be required when husband and  
14 wife have been living separate and apart for a period of at least 5 months  
15 prior to the making of the [assignment, order,] mortgage[, ] or lien or  
16 security interest.

17 [Under the assignment or order for the payment of future salary, wages,  
18 commissions, or other compensation for services, given as security for a loan  
19 made by any licensee under this chapter, a sum equal to 10% of the bor-  
20 rower's salary, wages, commissions, or other compensation for services shall  
21 be collectible from the employer of the borrower by the licensee at the time  
22 of each payment to the borrower of such salary, wages, commissions, or  
23 other compensation for services, from the time that a copy of the assignment,  
24 verified by the oath of the licensee or his agent, together with a similarly  
25 verified statement of the amount unpaid upon the loan, is served upon the  
26 employer.

27 No assignment of or order for wages earned or to be earned in the future  
28 by any municipal or county employee to secure a loan for advancement of  
29 \$500.00 or less shall be valid against any municipality or county employing  
30 the person making such assignment or order unless such assignment or order  
31 is accepted in writing by such municipality or county.]

1 15. Section 17:10-19 of the Revised Statutes is amended to read as follows:

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

1 16. Section 17:10-20 of the Revised Statutes is amended to read as fol-  
2 lows:

3 17:10-20. No person, copartnership, association, or corporation, except  
4 as authorized by this chapter, shall directly or indirectly charge, contract for,  
5 or receive any interest, discount, or consideration greater than the lender  
6 would be permitted by law to charge if he were not a licensee hereunder  
7 upon the loan, use, or forbearance of money, goods, or things in action, or  
8 upon the loan, use, or sale of credit of the amount or value of ~~【\$500.00】~~  
9 *\$1,000.00* or less.

10 The foregoing prohibition shall apply to any person, copartnership, as-  
11 sociation, or corporation who or which, by any device, subterfuge, or pre-  
12 tense, shall charge, contract for, or receive greater interest, consideration, or  
13 charges than is authorized by this chapter for the loan, use, or forbearance  
14 of money, goods, or things in action or for the loan, use, or sale of credit.

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

1 17. Section 17:10-4 of the Revised Statutes and chapter 107 of the laws  
2 of 1958 are hereby repealed.

1 18. This act shall become effective \*~~【180】~~\* *\*90\** days after the date of  
2 its approval.

ASSEMBLY, No. 403

STATE OF NEW JERSEY

INTRODUCED JANUARY 16, 1967

By Assemblymen TANZMAN, McDERMOTT, ALBANESE and WILENTZ

Referred to Committee on Business Affairs

AN ACT concerning the small loan business, amending sections 17:10-2, 17:10-3, 17:10-5, 17:10-6, 17:10-7, 17:10-8, 17:10-9, 17:10-10, 17:10-13, 17:10-14, 17:10-15, 17:10-16, 17:10-17, 17:10-18, 17:10-19, 17:10-20, and repealing section 17:10-4 of the Revised Statutes, and chapter 107 of the laws of 1958.

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

1 1. Section 17:10-2 of the Revised Statutes is amended to read as follows:

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

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

1 2. Section 17:10-3 of the Revised Statutes is amended to read as follows:

2 17:10-3. Application for the license shall be in writing, under oath or affir-  
3 mation, and in the form prescribed by the commissioner. It shall state the  
4 name and address both of the residence and place of business of the applicant,

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

5 and if the applicant is a copartnership or association, of every member  
6 thereof, and if a corporation, of each officer and director thereof. It shall  
7 also state the county and municipality with street and number if any, where  
8 the business is to be conducted and any other information the commissioner  
9 requires. The applicant, at the time of making the application, shall pay to  
10 the commissioner the sum of ~~[\$50.00]~~ \$150.00 as a fee for investigating the  
11 application and the additional sum of \$200.00 as an annual license fee for a  
12 period terminating on the last day of the current calendar year. If the busi-  
13 ness is to be conducted in a municipality having a population of less than  
14 15,000, the payment shall be \$100.00 as the license fee in addition to the fee for  
15 investigation. If the application is ~~[filed]~~ *approved* after June 30 in any year  
16 the license fee shall be ½ the sum which would otherwise be payable here-  
17 under. In addition to the annual license fee every licensee hereunder shall  
18 pay to the commissioner the actual cost of each examination of his business  
19 as provided for in section 17:10-11 of this Title.

20 Every applicant shall, in writing, and in due form to be prescribed by  
21 the commissioner, file with the application a duly executed instrument consti-  
22 tuting the commissioner and his successors in office the true and lawful agent  
23 and attorney of the applicant in this State, upon whom all original process  
24 in any action or legal proceeding, caused by the operation of a small loan  
25 business under this chapter, against the applicant or licensee may be served,  
26 except the notices prescribed in sections 17:10-7 and 17:10-10 of this Title.  
27 The applicant shall agree therein that any original process or legal proceed-  
28 ing, except as above stated, against the applicant or licensee shall be of the  
29 same force and effect as if served on the applicant or licensee personally.  
30 The commissioner shall keep a record of such process, showing the date and  
31 the hour of service.

32 Every applicant shall also prove in form satisfactory to the commis-  
33 sioner, that said applicant has a net worth of at least \$25,000.00 and has avail-  
34 able for the purpose of making loans under this chapter, at the location  
35 specified in the application, liquid assets of at least \$25,000.00.

1 3. Section 17:10-5 of the Revised Statutes is amended to read as follows:

2 17:10-5. (a) Investigation of application. Upon the filing of such applica-  
3 tion ~~[and bond]~~ and the payment of such fees, the commissioner shall investi-  
4 gate the facts concerning the application and the requirements provided for  
5 in subsection (b) of this section. Within 20 days after the filing of such  
6 application, he shall mail a notice of the receipt of the application to each  
7 licensee having a place of business in the county where the applicant pro-  
8 poses to do business. Every applicant shall within ~~[7]~~ 10 days from the filing  
9 of the application cause to be published a notice of the application in a news-  
10 paper, designated by the commissioner, which has general circulation in the

11 county in which the applicant proposes to do business and in the form pre-  
 12 scribed by the commissioner. If objections to the issuance of the license are  
 13 filed with the commissioner within 10 days after notice of the application has  
 14 been mailed by the commissioner, he shall designate a time and place for a  
 15 hearing, which time shall not be less than [1 week] 7 days nor more than  
 16 [2 weeks] 60 days after the 10 days' limitation for filing objections has expired.

17 (b) Issuance of license. If the commissioner, upon the filing of the ap-  
 18 plication[, approval of the bond] and payment of the fees, and after the  
 19 hearing in the event objections are filed, finds (a) that the financial responsi-  
 20 bility, experience, character and general fitness of the applicant and members  
 21 thereof if the applicant is a copartnership or association, and of the officers  
 22 and directors thereof if the applicant is a corporation, are such as to command  
 23 the confidence of the community and to warrant belief that the business will  
 24 be operated honestly, fairly and efficiently within the purposes of this chap-  
 25 ter, (b) that allowing the applicant to engage in business will promote the  
 26 convenience and advantage of the community in which the business of the  
 27 applicant is to be conducted and (c) that the applicant has a net worth of at  
 28 least \$25,000.00 and has available for the purpose of making loans under this  
 29 chapter at the specified location liquid assets of at least \$25,000.00, he shall  
 30 thereupon issue and deliver a license to the applicant to make loans in ac-  
 31 cordance with this chapter at the location specified in the application. The  
 32 license shall remain in full force and effect until it is surrendered by the  
 33 licensee or revoked or suspended as hereinafter provided.

34 If the commissioner shall not so find he shall not issue the license and he  
 35 shall notify the applicant of the denial and return to the applicant [the bond  
 36 and] the appointment for service of process and the sum paid by the appli-  
 37 cant as a license fee, retaining the [\$50.00] \$150.00 investigation fee to cover  
 38 the costs of investigating the application. The commissioner shall approve or  
 39 deny every application for license hereunder within [60] 120 days from the  
 40 [filing thereof with the fees and the approved appointment and bond] hear-  
 41 ing, if any, but if there shall be no hearing then within 60 days after the 10  
 42 days limitation for filing objections has expired.

1 4. Section 17:10-6 of the Revised Statutes is amended to read as follows:

2 17:10-6. The license shall state *the name of the licensee*, the address at  
 3 which the business is to be conducted [and shall state fully the name of the  
 4 licensee, and if the licensee is a copartnership or association, the names of the  
 5 members thereof, and if a corporation, the date and place of its incorpora-  
 6 tion and the names of its directors], *the date of issuance and may contain*  
 7 *such other information as the commissioner may see fit to provide*. The license  
 8 shall be kept conspicuously posted in the place of business of the licensee and  
 9 shall not be transferable or assignable.



1 5. Section 17:10-7 of the Revised Statutes is amended to read as follows:

2 17:10-7. **¶**If the commissioner finds at any time that the bond is insecure  
3 or exhausted or otherwise doubtful, an additional bond to be approved by  
4 him, with one or more sureties and of the character specified in section 17:10-4  
5 of this Title, in the sum of not more than \$5,000.00, shall be filed by the licensee  
6 within 10 days after written demand upon the licensee by the commissioner. **¶**

7 Every licensee shall have at all times a net worth of at least \$25,000.00  
8 and shall maintain at all times assets of at least \$25,000.00 either in liquid  
9 form available for or actually used in the making of loans under this chapter  
10 at the location specified in the license.

1 6. Section 17:10-8 of the Revised Statutes is amended to read as follows:

2 17:10-8. Not more than one place of business shall be maintained under  
3 the same license, but the commissioner may issue more than one license to the  
4 same licensee upon compliance with all the provisions of this chapter govern-  
5 ing an original issuance of a license, for each new license.

6 Whenever a licensee desires to change his place of business to another  
7 location within the same municipality, the commissioner, on application, if he  
8 finds that the interests of the community will be served thereby, shall **¶**indorse  
9 on the license a transfer to the new place of business, with the date of trans-  
10 fer, which indorsement **¶** *give his written approval of the proposed change by*  
11 *issuing a certificate under his hand and official seal authorizing such change*  
12 *and specifying the date on or after which, and the place to which, such change*  
13 *may be made, which certificate shall be authority for the operation of the*  
14 *business under the license at the new location. No change in the place of*  
15 *business of a licensee to a location outside of the original municipality shall*  
16 *be permitted under the same license.*

1 7. Section 17:10-9 of the Revised Statutes is amended to read as follows:

2 17:10-9. Every licensee shall, on or before December **¶**20 *10* of each  
3 year, pay to the commissioner the sum of \$200.00 as an annual license fee  
4 for the next succeeding calendar year, but if the place of business licensed  
5 hereunder is located in a municipality having a population of less than 15,000,  
6 the payment shall be \$100.00 as such annual license fee for the next succeed-  
7 ing calendar year. **¶**The licensee shall in either event at the same time file  
8 with the commissioner a bond in the same amount and of the same character  
9 as required by section 17:10-4 of this Title. **¶**

1 8. Section 17:10-10 of the Revised Statutes is amended to read as follows:

2 17:10-10. The commissioner shall revoke any license issued hereunder,  
3 upon 10 days' notice to the licensee stating the contemplated action and in  
4 general the grounds therefor, and after reasonable opportunity to be heard,  
5 if he finds that:

6 a. The licensee has failed to pay the annual license fee [or to main-  
7 tain in effect the bond or bonds] required under this chapter or to comply with  
8 any demand, ruling, or requirement of the commissioner lawfully made pur-  
9 suant to and within the authority of this chapter;

10 b. The licensee has violated any provision of this chapter or any rule  
11 or regulation lawfully made by the commissioner under and within the au-  
12 thority of this chapter;

13 c. Any fact or condition exists which, if it had existed at the time of  
14 the original application for the license, clearly would have warranted the  
15 commissioner in refusing originally to issue the license.

16 The commissioner may, without notice or hearing, suspend any license  
17 for a period not exceeding 30 days, pending investigation.

18 The commissioner may revoke or suspend only the particular license with  
19 respect to which grounds for revocation or suspension may occur or exist, or,  
20 if he finds that such grounds for revocation or suspension are of general appli-  
21 cation to all offices, or to more than one office, operated by the licensee, he shall  
22 revoke or suspend all of the licenses issued to the licensee or such number of  
23 licenses as such grounds apply to, as the case may be.

24 Any licensee may surrender any license by delivering to the commis-  
25 sioner written notice that he thereby surrenders the license, but the surrender  
26 shall not affect the licensee's civil or criminal liability for acts committed  
27 prior to the surrender.

28 No revocation or suspension or surrender of any license shall impair or  
29 affect the obligation of any pre-existing lawful contract between the licensee  
30 and a borrower.

31 Every license issued hereunder shall remain in force and effect until the  
32 same shall have been surrendered, revoked, or suspended in accordance with  
33 the provisions of this chapter, but the commissioner may on his own motion  
34 reinstate suspended licenses or issue new licenses to a licensee whose license  
35 or licenses shall have been revoked if no fact or condition then exists which  
36 clearly would have warranted the commissioner in refusing originally to issue  
37 the license under this chapter.

1 9. Section 17:10-13 of the Revised Statutes is amended to read as follows:

2 17:10-13. No licensee shall advertise, print, display, publish, distribute,  
3 *teletcast* or broadcast, or permit to be advertised, printed, displayed, pub-  
4 lished, distributed, *teletcast* or broadcast, any statement or representation  
5 which refers to the supervision by the State of the business licensed here-  
6 under. No licensee or any other person shall knowingly in any such manner  
7 make or permit to be made any statement or representation with regard to the  
8 rates, terms, or conditions for making loans in the sum of [\$500.00] \$1,000.00  
9 or less, which is false, misleading, or deceptive.

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

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

20     No licensee shall conduct the business of making loans under the provi-  
 21 sions of this chapter within any office, room, or place of business in which  
 22 any other business is solicited or engaged in, or in association or conjunc-  
 23 tion therewith, except as may be authorized in writing by the commissioner.

24     No licensee shall transact such business or make any loan provided for by  
 25 this chapter under any other name or at any other place of business than that  
 26 named in the license.

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

30     Every loan contract shall provide for repayment of **principal or** prin-  
 31 cipal and interest *combined* in installments which shall be payable at approxi-  
 32 mately equal periodic intervals of time and which shall be so arranged that  
 33 no installment is substantially greater in amount than any preceding install-  
 34 ment, except that **installments** *the repayment schedule* may **be deferred**  
 35 *reduce or omit such installments* when necessary because of the seasonal  
 36 nature of the borrower's income.

1     10. Section 17:10-14 of the Revised Statutes is amended to read as follows:

2     17:10-14. Every licensee hereunder may *make an installment* loan  
 3 **any sum of money** not exceeding **\$500.00** *\$1,000.00* and may charge,  
 4 contract for, and receive thereon interest at **a monthly** *an annual per-*  
 5 *centage* rate not exceeding **2½%** *on that part of the unpaid principal bal-*  
 6 *ance not exceeding \$300.00 and ½ of 1% on any remainder of such unpaid*  
 7 *principal balance* **24%** *on loans not exceeding \$500.00 and at an annual*  
 8 *percentage rate not exceeding 21% on the full amount of loans over \$500.00*  
 9 *and not exceeding \$1,000.00.*

10     *The interest and periodic payments for loans at these maximum rates*  
 11 *shall be computed from standard tables based on the actuarial or annuity*  
 12 *method which conforms to the so called "United States Rule of Partial*  
 13 *Payments," which provides that interest shall be calculated whenever a pay-*  
 14 *ment is made and the payment shall be first applied to the payment of in-*

15 *terest and if it exceeds the interest due, the balance is to be applied to*  
 16 *diminish principal. If the payment is insufficient to pay the entire amount of*  
 17 *interest, the balance of interest due shall not be added to principal, so as to*  
 18 *produce interest thereon.*

19 No interest shall be paid, deducted, or received in advance. Interest  
 20 shall not be compounded and shall be computed only on unpaid principal  
 21 balances. For the purpose of computing interest, whether at the maximum  
 22 rate or less, a month shall be considered a calendar month and where a frac-  
 23 tion of a month is involved a day shall be considered  $\frac{1}{30}$  of a month.

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

29 In addition to the interest herein provided for no further or other  
 30 charge, or amount *whatsoever* for any examination, service, brokerage, com-  
 31 mission, expense, fee, or bonus or other thing or otherwise shall be directly  
 32 or indirectly charged, contracted for, or received, except (1) *amounts for in-*  
 33 *surance obtained or provided by the licensee in accordance with the provisions*  
 34 *of this chapter; and (2) on actual sale of the security in foreclosure proceed-*  
 35 *ings or upon the entry of judgment. If any interest, consideration or charges in*  
 36 *excess of those permitted by this chapter are charged, contracted for, or re-*  
 37 *ceived the contract of loan shall be void and the licensee shall have no right*  
 38 *to collect or receive any principal, interest, or charges whatsoever, and the*  
 39 *borrower shall be entitled to recover from the lender any sums paid or re-*  
 40 *turned to the lender by the borrower on account of or in connection with the*  
 41 *loan.*

1 11. Section 17:10-15 of the Revised Statutes is amended to read as follows:

2 17:10-15. Every licensee shall: a. Deliver to the borrower at the time a  
 3 loan is made a state ment<sup>1</sup>, upon which there shall be printed a copy of section  
 4 17:10-14 of this Title,<sup>2</sup> in the English language showing in clear and distinct  
 5 terms the amount and date of the loan and of its maturity, the nature of  
 6 the security, if any, for the loan, the name and address of the borrower and  
 7 of the licensee, <sup>3</sup>and the agreed rate of charge;<sup>4</sup> *the payment schedule, the*  
 8 *amount of interest charges, and the annual percentage rate of interest;*

9 b. Give to the borrower a plain and complete receipt for all payments  
 10 made on account of the loan at the time the payments are made, specifying  
 11 the amount applied to interest and the amount, if any, applied to principal,  
 12 and stating the unpaid balance, if any, of the loan;

13 c. Permit payment to be made in advance in any amount on any con-  
 14 tract of loan at any time, but the licensee may apply the payment first to

15 all interest in full at the agreed rate up to the date of the payment;

16 d. Upon repayment of the loan in full, mark indelibly every obligation  
17 and security signed by the borrower with the word "paid" or "canceled,"  
18 and release, *or give the borrower evidence to release any mortgage, or secu-*  
19 *rity interest which no longer secures an obligation to the licensee,* restore any  
20 pledge, cancel and return any note, and cancel and return any assignment  
21 given to the licensee by the borrower.

22 No licensee shall take any confession of judgment or any power of at-  
23 torney. No licensee shall take any note, promise to pay, or security that does  
24 not accurately disclose the [actual] amount of the loan, *the date of the loan,*  
25 [the time for which it is made, and the agreed rate of interest,] *the pay-*  
26 *ment schedule, the amount of interest charges, and the annual percentage*  
27 *rate of interest,* nor any instrument in which blanks are left to be filled in  
28 after [execution] *the loan is made.*

1 12. Section 17:10-16 of the Revised Statutes is amended to read as follows:

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

1 13. Section 17:10-17 of the Revised Statutes is amended to read as follows:

2 17:10-17. The payment of [\\$500.00] \$1,000.00 or less in money, credit,  
3 goods or things in action, as consideration for any sale, assignment or order  
4 for the payment of wages, salary, commissions or other compensation for  
5 services, whether earned or to be earned, shall, for the purposes of this  
6 chapter, be deemed a loan secured by the assignment[, and the amount by  
7 which the assigned compensation exceeds the amount of the consideration  
8 actually paid shall be deemed interest or charges upon the loan from the date  
9 of the payment to the date the compensation is payable]. The transaction  
10 shall be governed by and subject to the provisions of this chapter *and any*  
11 *such sale, assignment or order hereafter made shall, for the purposes of this*  
12 *chapter, be void and of no effect.*

1 14. Section 17:10-18 of the Revised Statutes is amended to read as follows:

2 17:10-18. No [assignment of or order for payment of any salary, wages,  
3 commissions, or other compensation for services, earned or to be earned, given  
4 to secure any loan made by any licensee under this chapter, shall be valid

5 unless the amount of the loan is paid to the borrower simultaneously with  
 6 its execution; nor shall the assignment or order, or any] chattel mortgage or  
 7 security interest, as defined in section 12A:1-201 of Title 12A of the New  
 8 Jersey Statutes, in, or other lien on, household furniture, then in the pos-  
 9 session and use of the borrower, *shall*, be valid unless such [assignment,  
 10 order or] chattel mortgage [or] *and* the financing statement and the secu-  
 11 rity agreement [is] *are* in writing, signed in person by the borrower, and if  
 12 the borrower is married unless it is signed in person by both husband and  
 13 wife. The written assent of a spouse shall not be required when husband and  
 14 wife have been living separate and apart for a period of at least 5 months  
 15 prior to the making of the [assignment, order,] mortgage[,], or lien or  
 16 security interest.

17 [Under the assignment or order for the payment of future salary, wages,  
 18 commissions, or other compensation for services, given as security for a loan  
 19 made by any licensee under this chapter, a sum equal to 10% of the bor-  
 20 rower's salary, wages, commissions, or other compensation for services shall  
 21 be collectible from the employer of the borrower by the licensee at the time  
 22 of each payment to the borrower of such salary, wages, commissions, or  
 23 other compensation for services, from the time that a copy of the assignment,  
 24 verified by the oath of the licensee or his agent, together with a similarly  
 25 verified statement of the amount unpaid upon the loan, is served upon the  
 26 employer.

27 No assignment of or order for wages earned or to be earned in the future  
 28 by any municipal or county employee to secure a loan for advancement of  
 29 \$500.00 or less shall be valid against any municipality or county employing  
 30 the person making such assignment or order unless such assignment or order  
 31 is accepted in writing by such municipality or county.]

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

1 16. Section 17:10-20 of the Revised Statutes is amended to read as fol-  
 2 lows:

3 17:10-20. No person, copartnership, association, or corporation, except  
 4 as authorized by this chapter, shall directly or indirectly charge, contract for,

5 or receive any interest, discount, or consideration greater than the lender  
6 would be permitted by law to charge if he were not a licensee hereunder  
7 upon the loan, use, or forbearance of money, goods, or things in action, or  
8 upon the loan, use, or sale of credit of the amount or value of ~~【\$500.00】~~  
9 *\$1,000.00* or less.

10 The foregoing prohibition shall apply to any person, copartnership, as-  
11 sociation, or corporation who or which, by any device, subterfuge, or pre-  
12 tense, shall charge, contract for, or receive greater interest, consideration, or  
13 charges than is authorized by this chapter for the loan, use, or forbearance  
14 of money, goods, or things in action or for the loan, use, or sale of credit.

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

1 17. Section 17:10-4 of the Revised Statutes and chapter 107 of the laws  
2 of 1958 are hereby repealed.

1 18. This act shall become effective 180 days after the date of its approval.

SENATE COMMITTEE AMENDMENTS TO

**ASSEMBLY, No. 403**

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**STATE OF NEW JERSEY**

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ADOPTED APRIL 10, 1967

Amend page 6, section 9, line 36, after the word "income.", insert the following sentence: "A contract for a loan under this chapter shall not originally schedule any repayment of the cash advance over a period in excess of 24 months."

Amend page 6, section 10, line 8, after the word "exceeding", delete "21%", and insert in lieu thereof "22%".



From: OFFICE OF THE GOVERNOR

For Release: June 8, 1967  
after 3:30 P.M.

STATEMENT OF GOVERNOR RICHARD J. HUGHES ON SIGNING  
OF ASSEMBLY BILL NOS. 403, 406, 613 and 830  
AND SENATE BILL NOS. 15 and 327

I am pleased today to sign into law several bills which constitute significant steps toward increased protection for the New Jersey consumer in many important areas.

Briefly, these measures involve the following protection to the consumer:

Revision of the Small Loans Act to provide numerous changes, most important of which from the standpoint of the public being the elimination of wage assignments in connection with collections on such loans and the requirement that the borrower at the time of negotiating the loan receive a statement setting forth the true rate of interest. This is Assembly Bill No. 403.

Assembly Bill No. 406, another significant step toward consumer protection, requires the posting in all hotel, motel and guest-house rooms <sup>of</sup> the charges for the renting of such rooms. In addition, this measure provides for penalties for failure to comply.

The signing of Assembly Bill No. 613 marks the strengthening of the Real Estate Syndication Law by increasing the penalties for violation and giving considerable enforcement powers to the Bureau of Securities to eliminate any undesirable practices in the selling of real estate syndications.

With the establishment of the Consumer Fraud Bureau this year, New Jersey took a long step toward protecting the consuming public from a multitude of unscrupulous practices. The signing into law today of Assembly Bill No. 830 provides a means for the Attorney General's office, through the Bureau of Consumer Frauds, to enforce provisions of the Consumer Fraud Law effectively. It does so by permitting the Attorney General to hold hearings on consumer fraud violations so as to omit the necessity of lengthy court action in many instances.

Senate Bill No. 15 ~~requires the marking of milk cartons with the day of the~~ week on which the milk was pasteurized, rather than the present system of number markings which to some degree has been confusing to the public.

Finally, Senate Bill No. 327 revises the State Uniform Securities Law and for the first time requires the filing of registration statements prior to the sale of securities to the public. This measure, I am certain, will be of great assistance in protecting the public particularly the unsophisticated buyer of securities, so that he may be fully alerted to any risks involved in such purchases.