

17:9A-59.1 et seq

LEGISLATIVE HISTORY CHECKLIST

NJSA 17:9A-59.1 et seq. (Banks--advance loans--increase amount of loan and allowable interest rate)

LAWS 1981 CHAPTER 37

Bill No. A1555

Sponsor(s) Doyle

Date Introduced April 21, 1980

Committee: Assembly Banking and Insurance

Senate Labor, Industry and Professions

Amended during passage Yes No Amendments during passage denoted by asterisks

Date of Passage: Assembly Sept. 29, 1981

Senate Dec. 11, 1980

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Following statements are attached if available:

Sponsor statement Yes No

Committee Statement: Assembly Yes No

Senate Yes No

Fiscal Note Yes No

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Message on signing Yes No

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2-12-81

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ASSEMBLY, No. 1555

STATE OF NEW JERSEY

INTRODUCED APRIL 21, 1980

By Assemblyman DOYLE

Referred to Committee on Banking and Insurance

AN ACT to amend "An act concerning loans made by banks and supplementing 'An act concerning banking and banking institutions' (Revision of 1948), approved April 29, 1948 (P. L. 1948, c. 67)," approved June 11, 1959 (P. L. 1959, c. 91) and amending P. L. 1968, c. 64.

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

1 1. Section 1 of P. L. 1959, c. 91 (C. 17:9A-59.1) is amended to
2 read as follows:

3 1. A. Subject to the provisions of this act, a bank may lend
4 money to a borrower by advancing funds to or for the account of
5 the borrower pursuant to the borrower's written authorizations.
6 Such authorizations may take the form of checks drawn on the bank
7 by the borrower, notwithstanding that the borrower has no funds,
8 or has insufficient funds on deposit in the bank out of which such
9 checks may be paid, or they may take such other form as the bank
10 and the borrower agree upon. Loans made pursuant to this act are
11 referred to in this act as "advance loans" and persons to whom
12 advance loans are made are referred to as "advance loan bor-
13 rowers." *Accounting periods, referred to in this act as "billing*
14 *cycles", shall not vary more than 4 days from 1 month in duration*
15 *and the billing date shall not vary more than 4 days from the*
16 *billing date of the immediately preceding billing cycle. The term*
17 *"monthly" shall refer in this act to the billing cycle and need not*
18 *refer to a calendar month.*

19 B. Nothing in this act shall apply to loans otherwise authorized
20 by law or enforceable at law.

21 C. A borrower may at any time prepay in part or in full the
22 amount owing on advance loans, without penalty or prepayment
23 charge.

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

1 2. Section 2 of P. L. 1959, c. 91 (C. 17:9A-59.2) is amended to
2 read as follows:

3 2. A. No advance loan shall be made except pursuant to a
4 written contract, referred to in this act as **the** an "advance loan
5 contract," between the bank and a borrower or borrowers. *An*
6 *advance loan contract shall become effective when an agreement is*
7 *signed by the advance loan borrower or when the advance loan*
8 *borrower or someone authorized by the advance loan borrower*
9 *effects an advance loan in the manner provided by section 1 of this*
10 *act.* The advance loan contract, **which need be signed only by the**
11 **borrower or borrowers,** may contain such provisions, not incon-
12 sistent with this act or otherwise prohibited by law, which the bank
13 and the borrower may agree upon, but each such contract shall
14 state:

15 (a) The amount, exclusive of interest, insurance premiums and
16 other charges, in which the borrower may be indebted to the bank
17 at any one time upon all advance loans **made by the bank to the**
18 **borrower** *made pursuant to one or more advance loan contracts*
19 *entered into between the bank and such borrower or borrowers;*

20 (b) **The periods, referred to in this act as "billing cycles",**
21 **which will elapse between the days on which payments are required**
22 **to be made on advance loans, but no billing cycle shall be more than**
23 **1 month in duration** *The number of days or the period, if any, after*
24 *the closing date of the billing cycle within which payments are*
25 *required to be made on advance loans;*

26 (c) The amount of each payment required to be made monthly on
27 advance loans. Such amount may be stated in terms of dollars and
28 cents, or in any other terms consistent with the limitations imposed
29 by section 5 of this act;

30 (d) The rate of interest payable on such loans;

31 (e) If late charges are to be made on installments in arrears,
32 the amount of the charge which will be imposed, subject to the
33 limitations contained in section 7; and

34 (f) If service charges are to be made on advance loans, the
35 amount of the charge which will be imposed, subject to the limita-
36 tion contained in section 8.

37 B. When an advance loan contract provides that the bank will
38 make advance loans to a deposit or for the purpose of covering
39 overdrafts in an account maintained in the bank by the depositor,
40 the contract shall also provide how the amount of such loans shall
41 be determined when overdrafts occur. The advance loan contract
42 may provide that the amount of the advance loan shall equal the

43 amount by which the account is overdrawn, or it may provide that,
 44 when the amount of the overdraft is not in a sum equal to an even
 45 multiple of \$100.00, or an even multiple of such other sum, less than
 46 \$100.00, as the contract may prescribe, the amount of the loan shall
 47 equal the nearest even multiple of \$100.00, or the nearest even
 48 multiple of such other sum, less than \$100.00, as the contract may
 49 prescribe, which is greater than the amount of such overdraft.

50 C. If the bank has adopted a program pursuant to which either
 51 or both credit life insurance and credit accident and health in-
 52 surance may be applied for on behalf of advance loan borrowers,
 53 and, if an advance loan borrower requests in writing that either
 54 or both such insurances be obtained, the contract shall so indicate.
 55 If the contract provides that more than one person may borrow
 56 under its provisions, the contract shall state the name of the person
 57 to be covered by such insurance. Nothing herein shall be construed
 58 as requiring that a bank undertake to make such insurance available
 59 to advance loan borrowers.

60 D. No advance loan contract, and no instrument executed in
 61 connection therewith, shall contain any power to confess judgment
 62 or provide that payment of the advance loan shall be accelerated
 63 because the bank deems itself insecure.

1 3. Section 3 of P. L. 1959, c. 91 (C. 17:9A-59.3) is amended to
 2 read as follows:

3 3. Each authorization made by **the** *an* advance loan borrower,
 4 evidenced in any manner provided in **the** *a* contract between the
 5 bank and such borrower, and honored by the bank as provided in
 6 section 1 of this act shall be evidence of a loan made by the bank
 7 to the advance loan borrower in the amount advanced by the bank.
 8 Each authorization so honored shall constitute an advance loan,
 9 and the date on which the bank honors the authorization shall be
 10 the date of the advance loan.

1 4. Section 4 of P. L. 1959, c. 91 (C. 17:9A-59.4) is amended to
 2 read as follows:

3 4. A. For each billing cycle at the end of which there is an out-
 4 standing balance on any advance loan *made pursuant to a particular*
 5 *advance loan contract*, the bank shall render a statement to the
 6 borrower which shall show, *with respect to all advance loans made*
 7 *pursuant to such contract*:

8 (a) The aggregate balance **owing** *outstanding* on all advance
 9 loans at the beginning of the billing cycle;

10 (b) The amount and date of each advance loan made during such
 11 cycle;

12 (c) The amount of the payments on such loan received by the
13 bank during such cycle;

14 (d) The amount of all charges made by the bank during such
15 cycle, specifying the nature of each charge; provided that, when
16 there is more than one charge in any category of charges, an aggregate
17 amount may be shown for each such category;

18 (e) The amount upon which the interest was computed for such
19 cycle;

20 (f) The aggregate balance owing on all advance loans at the
21 end of such cycle;

22 (g) The amount required to be paid to keep the borrower's
23 account current; and

24 (h) The date by which or the period, if any, within which pay-
25 ment must be made.

26 Such statement shall contain a notice set in conspicuous type in
27 form as follows: "This statement represents an accounting
28 between the bank and you. If there is an error in it, call it to the
29 bank's attention promptly in writing. Failure to do so within 3
30 [6] months from the date of this statement may bar your right to
31 have the error corrected." If the notice is placed on the reverse
32 side of the statement, the face of the statement shall bear the follow-
33 ing legend in conspicuous type: "See the reverse side of this state-
34 ment for an important notice in respect to your rights" or
35 "*NOTICE: See reverse side for important information.*" "Con-
36 spicuous type" as used herein means type which *affords notice in*
37 *compliance with applicable Federal truth-in-lending statutes and*
38 *regulations* [is larger than that in which the body of the statement
39 is set, and in any case shall consist of bold type no smaller than
40 10 point].

41 B. If, pursuant to an advance loan contract, more than one type
42 of advance loan may be made to a borrower, separate statements
43 may, in the bank's discretion, be rendered by the bank to the
44 borrower in respect to all advance loans of the same type, or a
45 single statement may be rendered in respect to all advance loans
46 *made pursuant to such contract* regardless of type. The bank may,
47 at its option, use different billing cycles for different types of
48 advance loans made to a borrower. *For the purposes of this act,*
49 *advance loans made pursuant to a particular advance loan contract*
50 *shall be treated as separate types from those made pursuant to*
51 *another advance loan contract.*

52 C. If two or more persons are authorized to borrow under the
53 same advance loan contract, the contract may designate one of such

54 persons as the one to whom statements shall be rendered. In the
 55 absence of such a designation, statements shall be rendered to each
 56 of such persons, except that a single statement may be rendered to
 57 all such persons who have the same address.

58 D. The rendering of a statement by a bank to an advance loan
 59 borrower pursuant to this section shall constitute an accounting
 60 by the bank to all borrowers under the same advance loan contract.
 61 Such accounting shall, after **[6]** 3 months from its rendition, be
 62 conclusively presumed to be correct, and the borrower or borrowers
 63 and all those claiming through him or them shall thereafter be
 64 barred from questioning it for any cause, unless, before the expira-
 65 tion of the 3- **[6-]** month period, a borrower, or someone claiming
 66 through him gives notice by certified mail to the bank questioning
 67 the correctness of the accounting. When such notice is given, the
 68 accounting shall, after the lapse of 1 year from the date on which
 69 such notice is given, be conclusively presumed to be correct, and
 70 the borrower or borrowers and all those claiming under him or
 71 them shall thereafter be barred from questioning it for any cause,
 72 unless, within such 1-year period, an action is begun by a borrower
 73 or someone claiming through him in which the correctness of the
 74 account may be determined.

1 5. Section 5 of P. L. 1959, c. 91 (C. 17:9A-59.5) is amended to
 2 read as follows:

3 5. **[A.** The amount of the monthly payment required to be made
 4 on advance loans in reduction thereof shall at least equal $1/36$ of
 5 the aggregate amount owing on all advance loans outstanding in
 6 respect to a borrower at the end of a billing cycle, but no monthly
 7 payment shall be less than \$10.00, unless the aggregate balance
 8 owing on all advance loans at the end of a billing cycle is less than
 9 \$10.00, in which case the amount of the payment shall be equal to
 10 the amount so owing.]

11 *A. The amount of the payment required to be made on advance*
 12 *loans made to a particular borrower in reduction thereof shall at*
 13 *least equal ***[1/180th]*** *1/72nd* of the aggregate amount owing*
 14 *at the end of a billing cycle by such borrower on each advance loan*
 15 *contract between bank and borrower. No monthly payment shall be*
 16 *in an amount less than \$10.00 on each advance loan contract between*
 17 *bank and borrower unless the amount owing at the end of a billing*
 18 *cycle, is less than \$10.00 with respect to the particular contract, in*
 19 *which case the amount of the payment shall be the amount owing.*
 20 *Nothing in this subsection shall be construed as preventing a bank*
 21 *from rendering separate statements using different billing cycles*
 22 *as provided in subsection B of section 4 of this act.*

23 B. Unless the contract provides otherwise, monthly payments
 24 shall be applied in the following order: (1) to interest; (2) to
 25 premiums on credit life or credit accident and health insurance,
 26 or both; (3) to late charges imposed pursuant to section 7 of this
 27 act; (4) to service charges imposed pursuant to section 8 of this
 28 act; and (5) to principal.

1 6. Section 6 of P. L. 1959, c. 91 (C. 17:9A-59.6) is amended to
 2 read as follows:

3 6. A. The rate of interest contracted for or received by a bank
 4 on advance loans shall not exceed **[1%]** ***[1.5%]*** **1%** per month
 5 *when calculated on a monthly basis, and* ***[.05%]*** **.0333%** per
 6 *day when calculated on a daily basis, on the daily principal balances*
 7 **[owing on all advance loans outstanding in respect to a borrower]**
 8 *outstanding on all advance loans made pursuant to each advance*
 9 *loan contract between the bank and such borrower except that the*
 10 *commissioner may by regulation provide that the rate of interest*
 11 *contracted or received by a bank on advance loans may be more*
 12 *than* ***[1.5%]*** **1%** per month but not more than 2% per month
 13 *when calculated on a monthly basis, and may exceed* ***[.05%]***
 14 **.0333%** per day but not exceed .067% per day when calculated
 15 *on a daily basis. In adopting regulations pursuant to the subsection,*
 16 *the commissioner shall consider the general state of the economy,*
 17 *the discount rates prescribed by the Federal Reserve Bank of New*
 18 *York and the Federal Reserve Bank of Philadelphia, the avail-*
 19 *ability of funds for loans, studies and statistics published by the*
 20 *Federal Reserve System, Federal Deposit Insurance Corporation*
 21 *and other agencies of the United States and of this State, and*
 22 *such other factors and bases for determination as the commissioner*
 23 *and the board may deem pertinent. The rate established by any*
 24 *regulation shall reasonably reflect prevailing market conditions,*
 25 *regionally and nationally, based upon the studies, statistics and*
 25A *factors considered.*

26 Interest may be reckoned according to any method authorized
 27 by section 31:1-1 of the Revised Statutes. *For the purposes of this*
 28 *section the term "daily principal balances outstanding" means an*
 29 *amount not to exceed the amount produced by adding the principal*
 30 *amounts unpaid for each day of the billing cycle, after reflecting*
 31 *advance loans made that day, payments received and posted to the*
 32 *borrower's account that day, credits received and posted to the*
 33 *borrower's account that day, and other adjustments made and*
 34 *posted to the borrower's account that day, and dividing such sum*
 35 *by the number of days in the billing cycle.*

36 B. For the purposes of this section, charges for premiums
 37 advanced by the bank for credit life insurance, or credit accident
 38 and health insurance, or both, shall be treated as part of the
 39 principal balance owing on an advance loan, but no such charge
 40 shall be included in determining the maximum permissible indebted-
 41 ness as limited by section 11 of this act.

1 7. Section 7 of P. L. 1959, c. 91 (C. 17:9A-59.7) is amended to
 2 read as follows:

3 7. A. If any payment on *an* advance ~~loans~~ *loan* remains unpaid
 4 for a period of more than 15 days after such payment falls due
 5 pursuant to a ~~the~~ contract between the bank and the borrower
 6 governing such *loan* ~~loans~~, the bank may make and collect a late
 7 charge in such amount as may be provided for in ~~the~~ *such*
 8 contract between the bank and the borrower, but no such late charge
 9 shall exceed 5% of the amount of the payment so in default, or
 10 \$5.00, whichever is the lesser, and not more than one late charge
 11 shall be made on any one payment in arrears.

12 B. Upon institution of proceedings for the collection of *an*
 13 advance *loan* ~~loans~~ in default, a bank may charge a collection
 14 fee, in addition to court costs, according to the following schedule:

- 15 (a) on the first \$750.00 of indebtedness, 15%;
 16 (b) on the excess over \$750.00, 10%, but in no case shall such
 17 collection fee exceed \$500.00.

18 *C. When there is in effect more than one advance loan contract*
 19 *between the bank and a particular borrower, the provisions of this*
 20 *section shall apply to each contract individually and not to all*
 21 *advance loan contracts collectively.*

1 8. Section 8 of P. L. 1959, c. 91 (C. 17:9A-59.8) is amended to
 2 read as follows:

3 8. In addition to the other charges which are authorized to be
 4 made by this act, a bank may collect a service charge from each
 5 advance loan borrower for each billing cycle in which any part of
 6 an advance loan remains unpaid. Such service charge shall not
 7 exceed a sum equal to (a) the number of advance loans to such
 8 borrower during such billing cycle multiplied by \$0.25 or (b) *the*
 9 *number of advance loan contracts between the bank and the bor-*
 10 *rower multiplied by* \$0.50, whichever is the greater.

1 9. Section 10 of P. L. 1959, c. 91 (C. 17:9A-59.10) is amended to
 2 read as follows:

3 10. A. A bank which makes an advance loan ~~shall not, prior to~~
 4 ~~default in such loan~~ *~~may, pursuant to a separate agreement~~
 5 ~~with the borrower~~* *~~shall not, prior to default in such loan~~*, take

5A any kind of security therefore **except an interest in tangible per-*
 5B *sonal property**.

6 B. **Neither this section or in any other section of** *Nothing* in
 7 this act shall be construed as prohibiting a **the** bank from
 8 obtaining or providing credit life insurance or credit accident
 9 and health insurance, or both, for a borrower's benefit and at
 10 **this** *the borrower's* written request.

1 10. Section 11 of P. L. 1959, c. 91 (C. 17:9A-59.11) is amended to
 2 read as follows:

3 11. No bank shall make any advance loan for the payment of
 4 which any person shall be liable in any capacity to the bank if
 5 the making of such loan would cause the liability in any capacity
 6 of such person to the bank on all advance loans to exceed
 7 **[\$5,500.00]** **[\$30,000.00]** **[\$15,000.00]**, exclusive of interest, in-
 8 surance premiums and other charges.

1 11. Section 14 of P. L. 1968, c. 64 (C. 17:9A-59.16) is amended
 2 to read as follows:

3 14. A bank which enters into a contract with a borrower to make
 4 advance loans pursuant to the act of which this act is amendatory
 5 and supplementary may contract with merchants to guarantee to
 6 them the payment of checks which are drawn on it by advance-loan
 7 borrowers **and which are given by such borrowers to such mer-**
 8 **chants in whole or part payment for merchandise sold or services**
 9 **rendered by such merchants to such borrowers**. A guarantee so
 10 made shall not be deemed to be a violation of section 213.1 of "An
 11 Act concerning banking and banking institutions" (Revision of
 12 1948), approved April 29, 1948 (P. L. 1948, c. 67).

1 12. Section 14 of P. L. 1959, c. 91 (C. 17:9A-59.14) is amended to
 2 read as follows:

3 14. As used in this act, "bank" includes **all banks as defined in**
 4 **section 1 of the act to which this act is a supplement, and also**
 5 **includes national banking associations authorized to transact**
 6 **business in this State, but does not include Savings banks** **[only]**
 7 *banking institutions as defined in section 1 of P. L. 1948, c. 67*
 8 *(C. 17:9A-1) [and excludes all other lenders not specifically in-*
 9 *cluded in such definition]*.

1 13. This act shall take effect immediately.

1 10. Section 11 of P. L. 1959, c. 91 (C. 17:9A-59.11) is amended to
2 read as follows:

3 11. No bank shall make any advance loan for the payment of
4 which any person shall be liable in any capacity to the bank if
5 the making of such loan would cause the liability in any capacity
6 of such person to the bank on all advance loans to exceed
7 ~~[\$5,500.00]~~ \$30,000.00, exclusive of interest, insurance premiums
8 and other charges.

1 11. Section 14 of P. L. 1968, c. 64 (C. 17:9A-59.16) is amended
2 to read as follows:

3 14. A bank which enters into a contract with a borrower to make
4 advance loans pursuant to the act of which this act is amendatory
5 and supplementary may contract with merchants to guarantee to
6 them the payment of checks which are drawn on it by advance-loan
7 borrowers ~~[and which are given by such borrowers to such mer-~~
8 ~~chants in whole or part payment for merchandise sold or services~~
9 ~~rendered by such merchants to such borrowers]~~. A guarantee so
10 made shall not be deemed to be a violation of section 213.1 of "An
11 Act concerning banking and banking institutions" (Revision of
12 1948), approved April 29, 1948 (P. L. 1948, c. 67).

1 12. Section 14 of P. L. 1959, c. 91 (C. 17:9A-59.14) is amended to
2 read as follows:

3 14. As used in this act, "bank" includes ~~[all banks as defined in~~
4 ~~section 1 of the act to which this act is a supplement, and also~~
5 ~~includes national banking associations authorized to transact~~
6 ~~business in this State, but does not include Savings banks]~~ *only*
7 *banking institutions as defined in section 1 of P. L. 1948, c. 67*
8 *(C. 17:9A-1) and excludes all other lenders not specifically included*
9 *in such definition.*

1 13. This act shall take effect immediately.

STATEMENT

The purpose of this bill is to improve the availability of advance loan credit to New Jersey consumers. Check credit and credit cards, authorized under the present law, are extremely popular options enabling consumers to effectively manage their money and meet their financial needs. Advance loans allow borrowers to consolidate loans, provide flexibility in repayment, and give consumers instant access to funds without the delays and problems of applying for a loan when the need arises.

A1555 (1981)

Credit cards and check credit are extremely important to the life of small retailers, and a multitude of New Jersey businesses and industries dependent on consumer purchases. They permit the small and medium size retailers, without their own charge account systems, to compete.

Unfortunately, advance loans are being curtailed because inflation and the extremely high cost of money surpass the maximum loan rate, which has been unchanged for over 20 years.

This bill would increase the maximum permissible credit line to \$30,000.00, thus permitting home improvement loans to be made by an advance loan, and thus to avoid losing a lower rate mortgage. It raises the maximum rate of interest which may be charged to 1.5% per month and would allow a borrower to extend his repayment on a regular monthly basis from the present 3 year limit up to 15 years, if he chooses. Should economic conditions warrant it, the Banking Commissioner could adjust the rate between 1.5 and 2% per month.

Most important of all, the bill would permit credit to be available to New Jersey consumers, but the advance line of each credit made pursuant to the act would be realistically related to the consumer's ability to repay.

This bill amends the Banking Act to extend to savings banks advance loan authority.

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1555

STATE OF NEW JERSEY

DATED: JUNE 12, 1980

This legislation amends the act governing advance loans, or overdraft loans, made by banks. It clarifies the act with respect to the ability of institutions to contract with a borrower for more than one loan, and increases the amount which may be borrowed from \$5,000.00 to \$15,000.00. The legislation changes the minimum monthly payment from 1/36th of the amount of the balance due to 1/72nd of the amount of the balance due. The bill also gives the commissioner the authority to raise the rate by regulation to a maximum of 2% per month (24% per annum). The legislation gives savings banks the authority to make overdraft loans.

SENATE LABOR, INDUSTRY AND PROFESSIONS
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1555

STATE OF NEW JERSEY

DATED: NOVEMBER 10, 1980

This bill amends various sections of the law governing advance loans made by banks. N. J. S. A. 17:9A-59.1 states that "a bank may lend money to a borrower by advancing funds to or for the account of the borrower pursuant to the borrower's written authorizations." These loans are referred to as "advance loans."

Assembly Bill No. 1555 would stipulate that "monthly" accounting periods on advance loans, referred to as billing cycles, need not follow a calendar month; the accounting period, however, could not vary more than 4 days from 1 month's duration, and the billing date could not vary more than 4 days from the billing date of the immediately preceding billing cycle.

The bill permits the bank to contract with a borrower for more than one advance loan and raises the total amount which may be borrowed from \$5,500.00 to \$15,000.00.

For each billing cycle at the end of which there is an outstanding balance, the bank would be required to provide the borrower with a statement containing, in addition to information on the amount due, a notice in "conspicuous type" as follows:

"This statement represents an accounting between the bank and you. If there is an error in it, call it to the bank's attention promptly in writing. Failure to do so within **[6]** 3 months from the date of this statement may bar your right to have the error corrected." The notification time is reduced from 6 months to 3 months (this would presumably encourage prompt correction of billing errors), and "conspicuous type" is redefined as "type which affords notice in compliance with applicable Federal truth-in-lending statutes and regulations."

The bill changes the minimum monthly payment from 1/36th the amount of the balance due to 1/72nd of the amount of the balance due. This provision permits a reduced monthly payment to accommodate the higher loan limits. No monthly payment could be in an amount of less than \$10.00 on each advance loan contract unless the amount due is less than \$10.00, in which case, the amount of the payment due would be the amount owed.

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

The bill gives the commissioner the authority to raise the rate of interest on an advance loan to a maximum of 2% per month (24% per year). The rate, established by regulation, would reflect prevailing market conditions, regionally and nationally.

“Daily principal balances outstanding” is defined as “an amount not to exceed the amount produced by adding the principal amounts unpaid for each day of the billing cycle, after reflecting advance loans made that day, payments received and posted to the borrower’s account that day, credits received and posted to the borrower’s account that day, and other adjustments made and posted to the borrower’s account that day, and dividing such sum by the number of days in the billing cycle.”

The collection fee for advance loans in default (15% on the first \$750.00; 10% on the excess over \$750.00) would be applied to each advance loan contract individually, not to all advance loan contracts collectively.

The bank would be permitted to charge a \$0.50 service charge per advance loan contract. The bank could take an interest in tangible personal property as security for an advance loan.

The bill would permit savings banks to make advance loans, and does not explicitly exclude savings and loans from doing so.

From The Office of the Governor

2-13-81

A-1555, sponsored by John Paul Doyle (D-Ocean), which amends various technical portions of the Banking Act of 1948 allowing banks to increase the amount of an advance loan and the interest rate charged on such a loan. This legislation primarily affects loans such as cash advance or bounce-free checking accounts where loans are advanced automatically upon receipt of a customer's personal check. The legislation allows the interest rates charged on these loans to reflect current interest rates.

A-1647, sponsored by Alan J. Karcher (D-Middlesex), which revises the law to eliminate two levels of proceedings and allows a municipal judge to extend an existing driver's license suspension when that driver is found to be driving while on the revoked list. Before the revision an extension of the original suspension required administrative action by the Division of Motor Vehicles.

A-1875, sponsored by Thomas F. Cowan (D-Hudson), which amends the law governing the Alternate Benefit Program for public college and university faculty and administrators to increase the amount of tax-sheltered annuity to the maximum allowed by the U.S. Internal Revenue Code.

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