

17:9A-24.10 and 17:9A-24.11

LEGISLATIVE HISTORY CHECKLIST

(Banks--Interest on loans over \$10,000 secured by warehouse receipts or bills of lading)

NJSA 17:9A-24.10 and 17:9A-24.11

LAWS 1980

CHAPTER 183

Bill No. S984

Sponsor(s) Bedell

Date Introduced Feb. 4, 1980

Committee: Assembly Banking and Insurance

Senate Labor, Industry and Professions

Amended during passage Yes  Amendments during passage denoted by asterisks

Date of Passage: Assembly Dec. 8, 1980

Senate Oct. 6, 1980

Date of approval Jan. 6, 1981

Following statements are attached if available:

Sponsor statement Yes  (Below) Also attached: Senate committee amendment, adopted 6-12-80 (with statement)

Committee Statement: Assembly Yes   
Senate Yes

Fiscal Note ~~Yes~~ No

Veto Message ~~Yes~~ No

Message on signing Yes

Following were printed:

Reports ~~Yes~~ No

Hearings ~~Yes~~ No

Sponsor's statement:

The purpose of this bill is to establish parity between New Jersey banking institutions and New York and Pennsylvania banking institutions with regard to certain business purpose loans and loans secured by warehouse receipts, bills of lading, etc., in excess of \$10,000.00. Loans of this type are generally made to business men or to investors who are well informed in investments and investment procedures.

6/22/81

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1-6-81  
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SENATE, No. 984

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 4, 1980

By Senator BEDELL

Referred to Committee on Labor, Industry and Professions

A SUPPLEMENT to "The Banking Act of 1948," approved April 29,  
1948 (P. L. 1948, c. 67, C. 17:9A-1 et seq.).

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

1 1. As used in this act, "loan" includes loans which are in amounts  
2 of \$10,000.00 or more, and \*[(1) are made for a business purpose,  
3 are payable on demand or at a fixed or determinable future date, and  
4 are secured or unsecured; or (2)]\* are payable on demand and are  
5 secured (a) by an interest in warehouse receipts, bills of lading,  
6 or other documents of title which are subject to chapter 7 of Title  
7 12A of the New Jersey Statutes (the Uniform Commercial Code),  
8 or (b) by an interest in negotiable instruments or commercial  
9 paper which are subject to chapter 3 of Title 12A of the New Jersey  
10 Statutes, or (c) by an interest in stocks, bonds, certificates of  
11 deposit or other securities which are subject to chapter 8 of Title  
12 12A of the New Jersey Statutes, or (d) by an interest in any  
13 combination of the foregoing.

1 2. In making a loan, a banking institution, as defined in section 1  
2 of "The Banking Act of 1948," P. L. 1948, c. 67 (C. 17:9A-1),  
3 may, providing it is otherwise empowered to make such a loan,  
4 contract for and receive interest or other compensation on or for  
5 the loan at such rate or in such amount as the bank and the  
6 borrower may agree upon, notwithstanding the provisions of any  
7 other law of this State limiting the interest rate or finance charge  
8 which would otherwise be applicable to the loan.

1 3. This act shall take effect immediately.

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

SENATE AMENDMENT TO  
**SENATE, No. 984**

**STATE OF NEW JERSEY**

ADOPTED JUNE 12, 1980

Amend page 1, section 1, lines 2-4, delete “(1) are made for a business purpose, are payable on demand or at a fixed or determinable future date, and are secured or unsecured; or (2)”.

**STATEMENT**

This amendment eliminates a section of Senate Bill No. 984 that would have exempted loans over \$10,000.00 for a business purpose from present State law provisions.

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

SENATE, No. 984

STATE OF NEW JERSEY

DATED: NOVEMBER 10, 1980

This legislation would eliminate the statutory usury ceiling for so-called "demand loans," of \$10,000.00 or more. These are loans which are payable on demand and which are secured by certain collateral, including warehouse receipts, bills of lading, negotiable instruments, stocks, bonds, certificates of deposit, or certain other kinds of securities. Demand loans are generally short-term loans which are payable in full after a specified term.

Traditionally, this type of loan came under the provisions of R. S. 31:1-1, which established an 8% statutory ceiling for this type of loan and for other loans which had no specific applicable statutory ceiling. Last year, the legislature enacted P. L. 1979, c. 156, which permitted State chartered banks to charge the same interest rate on these loans as was permitted for national banks pursuant to Federal law, or 1% over the Federal Reserve discount rate.

SENATE LABOR, INDUSTRY AND  
PROFESSIONS COMMITTEE

STATEMENT TO

**SENATE, No. 984**

**STATE OF NEW JERSEY**

DATED: MAY 15, 1980

This bill would permit a banking institution to make loans of \$10,000.00 or more which are (1) made for business purposes, are payable on demand or at a fixed future date, and are secured or unsecured; or (2) payable on demand and are secured by an interest in (a) warehouse receipts, bills of lading, or certain other documents of title; (b) certain negotiable instruments or commercial paper; (c) certain stocks, bonds, certificates of deposit or other securities; or (d) any combination of the above.

In making such a loan, the bank could charge any interest rate agreed upon by the bank and the borrower.

The purpose of this bill is to establish parity between New Jersey banking institutions and New York and Pennsylvania banking institutions with regard to certain business purpose loans and loans secured by warehouse receipts, bills of lading, etc., in excess of \$10,000.00. Loans of this type are generally made to businessmen or to investors who are well informed in investments and investment procedures.

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

JANUARY 7, 1981

PAT SWEENEY

Governor Brendan Byrne has signed S-984 sponsored by Senator Eugene J. Bedell (D-Monmouth), which will create an exemption in New Jersey's usury laws.

The bill will exempt from the usury loan laws in the amount of \$10,000 or more made by the banking institutions which are secured by the following:

- interests in warehouse receipts, bills of lading, documents of title, negotiable instruments, commercial papers, stocks, bonds, certificates of deposits, securities or any combination of these.

This bill is designed to provide parity between New Jersey banking institutions and those in New York and Pennsylvania.

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