

2A:99A-4

LEGISLATIVE HISTORY CHECKLIST

(Permits nonprofit social services agencies to engage in budget counseling programs)

HJSA 2A:99A-4

LAWS OF 1977

CHAPTER 391

Bill No. S1488

Sponsor(s) Buehler

Date Introduced May 19

Committee: Assembly Labor

Senate Labor, Industry and Professions

Amended during passage  Yes  No

Date of Passage: Assembly January 9, 1978

Senate February 14, 1977

Date of approval February 23, 1978

Following statements are attached if available:

Sponsor statement Yes  No  Below

Committee Statement: Assembly  Yes  No

Senate Yes  No

Fiscal Note  Yes  No

Veto Message  Yes  No

Message on signing  Yes  No

Following were printed:

Reports  Yes  No

Hearings  Yes  No

**Sponsor's Statement:**

**This bill authorizes nonprofit social services agencies to engage in budget counseling programs which provide professional assistance to people in financial difficulty in order to efficiently manage their debts and family budgets.**

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STATE OF NEW JERSEY

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INTRODUCED MAY 19, 1976

By Senator BUEHLER

Referred to Committee on Labor, Industry and Professions

AN ACT to amend "An act relating to those who act or offer to act for a consideration as intermediaries between debtors and their creditors, and prescribing the consequences for the violation thereof," approved January 11, 1961 (P. L. 1960, c. 177).

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

1 1. Section 4 of P. L. 1960, c. 177 (C. 2A:99A-4) is amended to  
2 read as follows:

3 4. The following persons shall not be deemed debt adjusters for  
4 the purposes of this act: any attorney-at-law of this State; *any*  
5 *nonprofit social service agency*; any person who is a regular, full-  
6 time employee of a debtor, and who acts as an adjuster of his  
7 employer's debts; any person acting pursuant to any order or  
8 judgment of court, or pursuant to authority conferred by any law  
9 of this State or of the United States; any person who is a creditor  
10 of the debtor, or an agent of one or more creditors of the debtor,  
11 and whose services in adjusting the debtor's debts are rendered  
12 without cost to the debtor; and any person who, at the request of  
13 a debtor, arranges for or makes a loan to the debtor, and who, at  
14 the authorization of the debtor, acts as an adjuster of the debtor's  
15 debts in the disbursement of the proceeds of the loan, without  
16 compensation for the services rendered in adjusting such debts.

1 2. This act shall take effect immediately.

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STATEMENT

This bill authorizes nonprofit social service agencies to engage in budget counseling programs which provide professional assistance to people in financial difficulty in order to efficiently manage their debts and family budgets.

SENATE LABOR, INDUSTRY AND  
PROFESSIONS COMMITTEE

STATEMENT TO  
SENATE, No. 1488

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STATE OF NEW JERSEY

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DATED: FEBRUARY 7, 1977

Chapter 177 of P. L. 1960 (N. J. S. A. 2A:99A-1 et seq.) makes it a misdemeanor to act as a debt adjuster unless specifically exempted from the provisions of the law. Senate Bill No. 1488 would amend this law to further exempt nonprofit social service agencies, thereby allowing them to engage in budget counseling programs to assist persons in financial difficulty in managing their debts and family budgets more efficiently.

Under the law "debt adjuster" is defined as a person who, for a consideration, acts as an intermediary between a debtor and his creditors in order to settle, compound, or alter the terms of payment of a debt and, in so doing, receives money or property from the debtor for payment to, or distribution among, the debtor's creditors.

ASSEMBLY LABOR COMMITTEE

STATEMENT TO

SENATE, No. 1488

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STATE OF NEW JERSEY

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DATED: MAY 2, 1977

The Assembly Labor Committee favorably reports this bill to exempt nonprofit social service agencies from the penalties they might otherwise be subject to as "debt adjusters" and endorses the statement of the Senate Labor, Industry and Professions Committee.

Due to the great expansion of consumer credit and in light of the recent recession, many individuals and families are facing the problem of overextended credit obligations. To remove any doubts as to the legality of the Family and Children's Service of Monmouth County and other such groups sponsoring budget counseling programs—to provide no-cost assistance to consumer debtors and their families—this legislation has been proposed.

The Monmouth county program is being designed to assist families to fulfill the responsibilities of their financial obligations. Guidance in planning and budgeting such as budget counseling might be the only service needed for some families. Some other families, however, might need personal or marital counseling in addition to the credit related counseling. For still others, it might be necessary to arrange for a system of debt disbursement which also may involve pro-rating debts over a longer period of time with the cooperation of creditors. The program would not involve seeking to have any debt discounted, but rather stress the responsibility and obligation involved in financial management. It is hopeful that creditors and employers themselves will be major sources of client referrals. If a creditor or employer felt that an individual or family might benefit from any aspect of the program, he could then refer the person to it where some plan would be developed to meet the individual or family needs.