

17:16C-40.1

October 22, 1971

LEGISLATIVE NOTES ON R.S.17:16C-40.1
(Loans on automobiles - inc. maximum interest rate)

L.1970 - chap.200 - A 799.

Mar.16 - Introduced by Wilson, Lordi and Kaltenbacker.

Bill had statement. (copy enclosed)

Amended in Assembly (copy enclosed)

JH/EH
enc.

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ASSEMBLY, No. 799

STATE OF NEW JERSEY

INTRODUCED MARCH 16, 1970

By Assemblymen WILSON, LORDI and KALTENBACHER

Referred to Committee on Banking

AN ACT to amend the title of "An act relating to financing the purchase of certain motor vehicles secured by a purchase money chattel mortgage and supplementing Title 17 of the Revised Statutes," approved August 9, 1961 (P. L. 1961, c. 95), so that the same shall read "An act relating to financing the purchase of certain motor vehicles secured by purchase money security interests and supplementing ***[Title 17 of the Revised Statutes]*** *the "Retail Installment Sales Act of 1960," approved June 9, 1960 (P. L. 1960, c. 40)," and amending the body of said act.

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

1 1. The title of P. L. 1961, chapter 95 is amended to read as
2 follows: An act relating to financing the purchase of certain motor
3 vehicles secured by **[a]** purchase money **[chattel mortgage]**
4 *security interests* and supplementing ***[Title 17 of the Revised**
5 **Statutes]*** *the "Retail Installment Sales Act of 1960," approved
6 June 9, 1960 (P. L. 1960, c. 40)*.

1 2. Section 1 of P. L. 1961, chapter 95 (C. 17:16C-40.1) is amended
2 to read as follows:

3 1. A sales finance company licensed under the provisions of the
4 "Retail Installment Sales Act" of 1960 (P. L. 1960, c. 40), as
5 amended and supplemented, or any act replacing or succeeding
6 thereto which regulates "retail installment sales," may loan to
7 any one person any sum of money up to a maximum of **[\$4,000.00]**
8 \$5,000.00 secured by a purchase money **[chattel mortgage]** *security*
9 *interest* to finance the purchase of a passenger motor vehicle not
10 intended to be used for the transportation of passengers for hire
11 or upon a contract basis. The principal amount of such loan may

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

12 be repaid in not more than 36 substantially equal monthly install-
13 ments. The sales finance company may charge interest **at a rate*
14 *not exceeding \$6.00 per \$100.00 per year.** ***[in advance upon]***
15 **Such interest shall be computed on** the full amount of such loan
16 for the period from the making of the loan to the date of maturity
17 of the final installment, ***[at a rate not exceeding [5% per annum]**
18 *the maximum rate provided for in section 31:1-1 of the Revised*
19 *Statutes, or in regulations made by the Commissioner of Banking*
20 *pursuant to said section]** **and shall be added to the principal*
21 *amount of the loan**. For the purpose of this act, a purchase money
22 **[chattel mortgage] security interest** is hereby defined **[as a chat-**
23 **tel mortgage executed by a retail buyer of a motor vehicle to]**
24 *to be a security interest taken by a sales finance company, pursuant*
25 *to the provisions of chapter 9 of Title 12A of the New Jersey Stat-*
26 *utes, in connection with and as security for an advance of money*
27 *on behalf of [said] a retail buyer of a motor vehicle to the motor*
28 *vehicle dealer in payment of the unpaid balance of the cash pur-*
29 *chase price.*

1 3. This act shall take effect immediately.

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Referred to Committee on Banking

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2 *of New Jersey:*

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2 follows: An act relating to financing the purchase of certain motor
3 vehicles secured by **[a]** purchase money **[chattel mortgage]**
4 *security interests* and supplementing Title 17 of the Revised
5 Statutes.

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2 to read as follows:

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4 "Retail Installment Sales Act" of 1960 (P. L. 1960, c. 40), as
5 amended and supplemented, or any act replacing or succeeding
6 thereto which regulates "retail installment sales," may loan to
7 any one person any sum of money up to a maximum of **[\$4,000.00]**
8 *\$5,000.00* secured by a purchase money **[chattel mortgage]** *security*
9 *interest* to finance the purchase of a passenger motor vehicle not
10 intended to be used for the transportation of passengers for hire
11 or upon a contract basis. The principal amount of such loan may
12 be repaid in not more than 36 substantially equal monthly install-
13 ments. The sales finance company may charge interest in advance
14 upon the full amount of such loan for the period from the making
15 of the loan to the date of maturity of the final installment, at a

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

16 rate not exceeding [5% per annum] *the maximum rate provided*
17 *for in section 31:1-1 of the Revised Statutes, or in regulations made*
18 *by the Commissioner of Banking pursuant to said section. For the*
19 *purpose of this act, a purchase money [chattel mortgage] security*
20 *interest is hereby defined [as a chattel mortgage executed by a*
21 *retail buyer of a motor vehicle to] to be a security interest taken*
22 *by a sales finance company, pursuant to the provisions of chapter*
23 *9 of Title 12A of the New Jersey Statutes, in connection with and*
24 *as security for an advance of money on behalf of [said] a retail*
25 *buyer of a motor vehicle to the motor vehicle dealer in payment*
26 *of the unpaid balance of the cash purchase price.*

1 3: This act shall take effect immediately.

STATEMENT

This bill authorizes an increase in the maximum interest rate chargeable by licensed sales finance companies on loans for the purchase of passenger automobiles to the maximum interest rate permitted by section 31:1-1 of the New Jersey Statutes, and also increases the maximum amounts of such loans from \$4,000.00 to \$5,000.00.

In addition, for revision purposes, the bill provides for certain technical amendments to the act so that it will conform with the provisions of the Uniform Commercial Code, Title 12A of the New Jersey Statutes.

ASSEMBLY COMMITTEE AMENDMENTS TO
ASSEMBLY, No. 799

STATE OF NEW JERSEY

ADOPTED APRIL 20, 1970

Amend page 1, title, line 7, omit "Title 17 of the Revised Statutes", insert "the 'Retail Installment Sales Act of 1960,' approved June 9, 1960 (P. L. 1960, c. 40)".

Amend page 1, section 1, lines 4 and 5, omit "Title 17 of the Revised Statutes", insert "the 'Retail Installment Sales Act of 1960,' approved June 9, 1960 (P. L. 1960, c. 40)".

Amend page 1, section 2, line 13, after "interest", insert "at a rate not exceeding \$6.00 per \$100.00 per year."

Amend page 1, section 2, lines 13 and 14, omit "in advance upon", insert "Such interest shall be computed on".

Amend pages 1 and 2, section 2, lines 15-18, omit "at a rate not exceeding **5%** per annum] the maximum rate provided for in section 31:1-1 of the Revised Statutes, or in regulations made by the Commissioner of Banking pursuant to said section", insert "and shall be added to the principal amount of the loan."

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