

17:16C-1 ET AL.

LEGISLATIVE HISTORY CHECKLIST

NJSA 17:16C-1 et al. (Retail installment sales)

Laws of 1971 Chapter 409

Bill No. S2154

Sponsor(s) Sears & others

Date Introduced March 22, 1971

Committee: Assembly Banking

Senate Banking

Amended during passage Yes  No  Amendments during passage denoted by asterisks.

Date of passage: Assembly April 29; Re'enacted Dec. 6, 1971

Senate April 5; Re'enacted Dec. 6, 1971

Date of approval Jan. 20, 1972

Following statements are attached if available:

Sponsor statement  No

Committee Statement: Assembly  No

Senate  No

Fiscal Note  No

Veto message Yes  Gov's VETOES

Message on signing  No 1971, p. 195-198

Following were printed:

Reports Yes

Hearings  No

974.90 New Jersey. Uniform Consumer Credit Code Study Commission.  
C762 First report.  
1971

974.90 New Jersey. Uniform Consumer Credit Code Study Commission.  
C762 Interim report.  
1972a

10/4/76  
KB 5/77

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For background see:

974.90            Posel, Sidney.  
C762              Current problems in the law of consumer credit.  
1971f             Newark, Rutgers Univ., School of Law, 1971.

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SENATE, No. 2154

STATE OF NEW JERSEY

INTRODUCED MARCH 22, 1971

By Senators SEARS, WOODCOCK, TANZMAN and CRABIEL

Referred to Committee on Banking

AN ACT to amend the title of "An act to define and regulate certain retail installment sales and to license and regulate motor vehicle installment sellers and sales finance companies and to repeal 'An act to define and regulate retail installment sales in the amount of or of the value of \$3,000.00 or less and to license and regulate sales finance companies,' approved September 29, 1948 (P. L. 1948, c. 419)," approved June 9, 1960 (P. L. 1960, c. 40), so that the same shall read "An act to define and regulate retail installment sales and to license and regulate motor vehicle installment sellers and sales finance companies, to repeal P. L. 1948, c. 419 and supplementing Title 17 of the Revised Statutes," and to amend and supplement 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. 1960, c. 40 is amended to read as follows:  
2 An act to define and regulate **[certain]** \**certain*\* retail installment  
3 sales and to license and regulate motor vehicle installment sellers  
4 and sales finance companies, **[and]** to repeal **['An act to define and**  
5 **regulate retail installment sales in the amount of or of the value**  
6 **of \$3,000.00 or less and to license and regulate sales finance com-**  
7 **panies,' approved September 29, 1948 (P. L. 1948, c. 419)]** *P. L.*  
8 *1948, c. 419 and supplementing Title 17 of the Revised Statutes.*

1 2. Section 1 of P. L. 1960, c. 40 (C. 17:16C-1) is amended to read  
2 as follows:

3 1. In this act, unless the context otherwise requires, the following  
4 words and terms shall have the following meanings:

5 (a) "Goods" means all chattels personal, *including merchandise*  
6 *certificates and coupons to be exchanged for goods or services,*  
7 having a cash price of \$7,500.00 or less, but not including money or

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

8 *other choses in action* [or goods sold for commercial or business  
9 use].

10 (b) "Retail installment contract" means any contract, *other*  
11 *than a retail charge account or an instrument reflecting a sale pur-*  
12 *suant thereto*, entered into in this State between a retail seller and  
13 a retail buyer evidencing an agreement to pay the retail purchase  
14 price of goods *or services, which are primarily for personal, family*  
15 *or household purposes*, or any part thereof, in two or more install-  
16 ments over a period of time[, and pursuant to which title to or a  
17 lien upon the goods is retained or taken by the retail seller for the  
18 payment of the retail buyer's obligation]. This term includes a  
19 *security agreement*, chattel mortgage, conditional sales contract,  
20 or other similar instrument and any contract for the bailment or  
21 leasing of goods by which the bailee or lessee agrees to pay as com-  
22 pensation a sum substantially equivalent to or in excess of the value  
23 of the goods, and by which it is agreed that the bailee or lessee is  
24 bound to become, or has the option of becoming, the owner of such  
25 goods upon full compliance with the terms of such retail installment  
26 contract.

27 (c) "Retail seller" means a person who sells or agrees to sell  
28 goods *or services* under a retail installment contract *or a retail*  
29 *charge account* to a retail buyer, and shall include a motor vehicle  
30 installment seller.

31 (d) "Retail buyer" means a person who buys or agrees to buy  
32 goods *or services* from a retail seller, not for the purpose of resale,  
33 [and who executes] *pursuant to a retail installment contract or a*  
34 *retail charge account* [in connection therewith].

35 (e) "Person" means an individual, partnership, firm, corpora-  
36 tion, banking institution, association or any other group of indivi-  
37 duals however organized.

38 (f) "Sales finance company" means and includes any person  
39 engaging in this State in the business of acquiring or arranging for  
40 the acquisition of retail installment contracts *or obligations in-*  
41 *curring pursuant to retail charge accounts* by purchase, discount,  
42 pledge or otherwise *from a retail seller which is not wholly owned*  
43 *by or does not wholly own such person*, and any person engaging,  
44 directly or indirectly, in the business of soliciting the purchase of  
45 retail installment contracts *or obligations incurred pursuant to*  
46 *retail charge accounts from a retail seller which is not wholly owned*  
47 *by or does not wholly own such person*, or in the business of aiding  
48 the retail seller in selling, assigning or arranging for the sale or  
49 assignment \* [or] \* of *retail installment contracts or obligations*  
50 *incurred pursuant to retail charge accounts, and any person other*

51 *than a retail seller who enters into a retail charge account with a*  
 52 *retail buyer.*

53-54 (g) "Motor vehicle" includes all vehicles used for transporta-  
 55 tion upon a highway propelled otherwise than by muscular power,  
 56 excepting such vehicles as run only upon rails or tracks.

57-59 (h) "Motor vehicle installment seller" means a dealer in motor  
 60 vehicles, who is required to be licensed under chapter 10 of Title  
 61 39 of the Revised Statutes and who sells or offers to sell a motor  
 62 vehicle to a retail buyer under a retail installment contract.

63 (i) "Cash price" means the minimum price for which the goods  
 64 *or services* subject to **[the]** *a retail installment contract or a retail*  
 65 *charge account or other goods or services* of like kind and quality  
 66 may be purchased for cash from the seller by the buyer, as stated  
 67 in the retail installment contract, *the retail charge account or*  
 68 *an instrument reflecting a sale pursuant thereto.*

69 (j) "Down payment" means all payments made in cash or in  
 70 goods or partly in cash and partly in goods, received by the retail  
 71 seller prior to or substantially contemporaneous with either the  
 72 execution of the retail installment contract or the delivery of the  
 73 goods, whichever occurs later.

74 (k) "Official fees" means the filing or other fees required by  
 75 law to be paid to a public officer to perfect **[the]** *an* interest or lien,  
 76 on the goods, retained or taken by a retail seller under a retail in-  
 77 stallment contract *and motor vehicle license and transfer fees*  
 78 *paid to the State.*

79 (l) "Time price differential" **[means that part of the time sales**  
 80 **price as determined under section 27 (i) by which the time sales**  
 81-82 **price exceeds the aggregate of the cash price and the amount in-**  
 83 **cluded in a retail installment contract, if a separate charge is made**  
 84 **therefor, for insurance and other benefits and official fees.]** *means*  
 85 *the amount or amounts, however denominated or computed, in addi-*  
 86 *tion to the cash price or prices, to be paid by the retail buyer for*  
 87 *the privilege of purchasing goods or services pursuant to a retail*  
 88 *installment contract or a retail charge account. The term does not*  
 89 *include the amount, if a separate charge is made therefor, for in-*  
 90 *surance and official fees.*

91 (m) "Holder" means any person, including a retail seller, who is  
 92 entitled to the rights of a retail seller under a retail installment  
 93 contract *or retail charge account.*

94 (n) "Banking institution" means any bank or national banking  
 95 association authorized to do business in this State.

96 (o) "Commissioner" means the Commissioner of Banking **[and**  
 97 **Insurance]** of New Jersey and includes his deputies or any salaried

98 employee of the Department of Banking [and Insurance] named  
99 or appointed by the said commissioner to perform any function in  
100 the administration or enforcement of this act.

101 (p) "Payment-period" means the period of time scheduled by a  
102 retail installment contract to elapse between the days upon which  
103 installment payments are scheduled to be made on such contract;  
104 except that, when installment payments are scheduled to be omitted,  
105 pursuant to section 26, "payment-period" means the period of time  
106 scheduled by the contract to elapse between the days upon which  
107 installment payments are scheduled to be made during that portion  
108 of the contract period in which no installment payment is scheduled  
109 to be omitted.

110 (q) "Contract period" means the period beginning on the date  
111 of a retail installment contract and ending on the date scheduled by  
112 the contract for the payment of the final installment.

113 (r) "*Retail charge account*" means any account, other than a re-  
114 tail installment contract or a home repair contract which is subject to  
115 the "*Home Repair Financing Act*" (P. L. 1960, c. 41; C. 17:16C-62  
116 et seq.), established by an agreement which prescribes the terms  
117 under which a retail buyer may from time to time purchase or lease  
118 goods or services which are primarily for personal, family or house-  
119 hold purposes, and under which the unpaid balance thereunder,  
120 whenever incurred, is payable in one or more installments and  
121 under which a time price differential may be added in each billing  
122 period as provided herein. Retail charge account also includes all  
123 accounts arising out of the utilization by the holder of a credit card,  
124 letter of credit or other credit identification issued by a sales finance  
125 company, giving the holder the privilege of using the credit card,  
126 letter of credit or other credit identification to become a retail buyer  
127 in transactions out of which debt arises: (1) by the sales finance  
128 company's payment or agreement to pay the retail buyer's obliga-  
129 tions; or (2) by the sales finance company's purchase from the  
130 retail seller of the obligations of the user of the credit card, letter  
131 of credit or other credit identification as a retail buyer.

132 \*[(s) "*Services*" means and includes (1) work, labor and other  
133 personal services; (2) privileges with respect to transportation,  
134 hotel, motel, restaurant, education, entertainment, recreation,  
135 physical culture, hospital, funerals, cemetery and the like accom-  
136 modations; but does not include services which are subject to the  
137 "*Home Repair Financing Act*," and insurance premium financing  
138 which is subject to the "*Insurance Premium Finance Company Act*  
139 (P. L. 1968, c. 221; C. 17:16D-1 et seq.)."]\*

139A *\*(s) "Services" means and includes work, labor and services for*  
 139B *other than a commercial or business use, but does not include pro-*  
 139C *fessional services nor services which are subject to the "Home*  
 139D *Repair Financing Act," and insurance premiums financing which*  
 139E *is subject to the "Insurance Premium Finance Company Act"*  
 139F *(P. L. 1968, c. 221; C. 17:16D-1 et seq.).\**

140 (t) *"Billing period" means the time interval between regular*  
 141 *periodic billing statement dates. In the case of monthly billing*  
 142 *periods, such intervals shall be considered equal intervals of time*  
 143 *if the billing date of a billing period does not vary more than 4*  
 144 *days from the billing date of the immediately preceding billing*  
 145 *period. In the case of billing periods which are not monthly, the*  
 146 *permissible variation in billing dates shall be that proportion of*  
 147 *4 days (adjusted to the nearest whole number) which the number*  
 148 *of days in the billing period bears to 30.*

1 3. Section 10 of P. L. 1960, c. 40 (C. 17:16C-10) is amended to  
 2 read as follows:

3 10. The commissioner may suspend, revoke or refuse to renew  
 4 any license issued hereunder, upon 10 days' notice in writing,  
 5 forwarded by registered or certified mail to the principal place of  
 6 business of such licensee, stating the contemplated action and in  
 7 general the grounds therefor, and after reasonable opportunity  
 8 to be heard, if he shall find that the licensee or any owner, director,  
 9 officer, member, partner, employee or agent of such licensee has:

10 (a) Made any material misstatement in the application;

11 (b) Knowingly or without the exercise of due care failed to  
 12 comply with or violated any provisions of this or any other act  
 13 relating to retail installment contracts *or retail charge accounts*;

14 (c) Defrauded any retail buyer or willfully failed to perform  
 15 any written agreement with any retail buyer;

16 (d) Willfully misrepresented or failed to disclose any of the  
 17 material particulars or the nature thereof required to be stated  
 18 or furnished to the retail buyer under this act or any other laws  
 19 of this State relating to retail installment contracts *or retail charge*  
 20 *accounts*;

21 (e) Knowingly taken any instrument evidencing a retail install-  
 22 ment contract which was signed in blank; or

23 (f) Otherwise demonstrated unworthiness, bad faith or dis-  
 24 honesty.

25 No license issued under this act to a motor vehicle installment  
 26 seller shall be valid unless such seller is the holder of a valid and  
 27 subsisting license issued pursuant to chapter 10 of Title 39 of the  
 28 Revised Statutes.

1 4. Section 13 of P. L. 1960, c. 40 (C. 17:16C-13) is amended to  
2 read as follows:

3 13. No suspension, revocation or refusal to renew any license  
4 shall impair or affect the obligation of any lawful retail install-  
5 ment contract *or retail charge account* acquired previously thereto  
6 by the licensee.

1 5. Section 30 of P. L. 1960, c. 40 (C. 17:16C-30) is amended to  
2 read as follows:

3 30. *Where title to or a lien upon goods sold by the retail seller*  
4 *is retained or taken by the retail seller the* **【The】** retail buyer may  
5 be required to insure the goods at the retail buyer's expense for  
6 the protection of the retail seller or subsequent holder which insur-  
7 ance may be purchased by the holder. Such insurance shall be  
8 written for the dual protection of the retail buyer and the retail  
9 seller or subsequent holder to the extent of his interest in the goods  
10 and shall be limited to insurance against substantial risk of damage,  
11 destruction, or theft of such goods and shall be upon terms and  
12 conditions, which are reasonable and appropriate, considering the  
13 type and conditions of such goods. When the retail buyer fails or  
14 is unable to acquire insurance or the retail seller or subsequent  
15 holder is unable to purchase insurance covering the dual protection  
16 of the retail buyer and retail seller or subsequent holder, the retail  
17 seller or holder may purchase a single interest insurance policy  
18 on the goods and may collect the premium therefor from the retail  
19 buyer.

1 6. Section 35 of P. L. 1960, c. 40 (C. 17:16C-35) is amended to  
2 read as follows:

3 35. No retail installment contract *or retail charge account or*  
4 *separate instruments executed in connection therewith* shall contain  
5 any acceleration clause under which any part or all of the **【time】**  
6 balance, not yet matured, may be declared immediately due and  
7 payable because the retail seller or holder deems himself to be  
8 insecure *\*and any such provision shall be void and unenforceable\**.

1 7. Section 36 of P. L. 1960, c. 40 (C. 17:16C-36) is amended to  
2 read as follows:

3 36. No retail installment contract *or retail charge account or*  
4 *separate instruments executed in connection therewith* shall con-  
5 tain any provisions whereby the retail buyer waives any right of  
6 action *\*or defense\** against the retail seller, *sales finance company,*  
7 holder or other person acting on his or her behalf for any illegal act  
8 committed in the collection of the payments under the contract *or*  
9 *account* or in the repossession of the goods, the subject of the re-  
10 tail installment contract *or retail charge account* *\*and any such*



11 *provision shall be void and unenforceable\*.*

1 8. Section 37 of P. L. 1960, c. 40 (C. 17:16C-37) is amended to  
2 read as follows:

3 37. No retail installment contract *or retail charge account or*  
4 *separate instruments executed in connection therewith shall con-*  
5 *tain any power of attorney to confess judgment or any other power*  
6 *of attorney \*and any such provision shall be void and unenforce-*  
7 *able\*.*

1 9. Section 38 of P. L. 1960, c. 40 (C. 17:16C-38) is amended to  
2 read as follows:

3 38. No retail installment contract *or retail charge account or*  
4 *separate instruments executed in connection therewith shall con-*  
5 *tain any provision relieving the retail seller from liability for any*  
6 *legal remedies which the retail buyer may have against the retail*  
7 *seller under the contract or account \*and any such provision shall*  
8 *be void and unenforceable\*.*

1 10. Section 39 of P. L. 1960, c. 40 (C. 17:16C-39) is amended to  
2 read as follows:

3 39. No retail seller, *sales finance company or holder* shall at any  
4 time take **[either]** in a retail installment contract, *a retail charge*  
5 *account or in a separate instrument, any assignment of or order*  
6 *for the payment of any salary, wages, commissions, or other com-*  
7 *penetration for services, or any part thereof, earned or to be earned*  
8 *\*and any such provision shall be void and unenforceable\*.*

1 11. Section 40 of P. L. 1960, c. 40 (C. 17:16C-40) is amended to  
2 read as follows:

3 40. No retail seller, sales finance company or holder shall make  
4 any loan of money or advance of credit to a retail buyer on or in  
5 connection with any retail installment contract *or retail charge*  
6 *account and charge, contract for or receive thereon a greater rate*  
7 *of interest than he would otherwise be permitted by law to charge*  
8 *except in accordance with the provisions of this act; provided,*  
9 *however, that nothing contained in this section shall prohibit a*  
10 *banking institution from making any loan which it otherwise is*  
11 *permitted by law to make.*

1 \*12. Section 41 of P. L. 1960, c. 40 (C. 17:16C-41) is amended to  
2 read as follows:

3 41. *A retail seller and a motor vehicle installment seller, under*  
4 *the provisions of this act, shall have authority to charge, contract*  
5 *for, receive or collect a time price differential as defined in this act,*  
6 *on any retail installment contract evidencing the sale of goods or*  
7 *services which shall not exceed the rates for the respective classifi-*  
8 *cation as follows:*

9 *Class I. New motor vehicles, an amount not to exceed \$7.00 per*  
10 *\$100.00 per year;*

11 *Class II. Used motor vehicles of a model designated by the*  
12 *manufacturer by a year not more than 2 years prior to the year in*  
13 *which the sale is made, an amount not to exceed \$10.00 per \$100.00*  
14 *per year;*

15 *Class III. Older used motor vehicles of a model designated by*  
16 *the manufacturer by a year more than 2 years prior to the year in*  
17 *which the sale is made, an amount not to exceed \$13.00 per \$100.00*  
18 *per year;*

19 *Class IV. On all other goods or services, an amount not to*  
20 *exceed \$10.00 per \$100.00 per year.*

21 *The time price differential shall be computed on the amount of the*  
22 *principal balance as determined in section 27(f), from the date of*  
23 *the contract to the due date of the final installment, notwithstanding*  
24 *the fact that the contract is to be repaid in installments.*

25 *If the time price differential so computed is less than \$12.00, and*  
26 *if the due date of the last installment of the contract is more than 8*  
27 *months after the date of the contract, a charge of not more than*  
28 *\$12.00 may be made in lieu of the time price differential. If the time*  
29 *price differential so computed is less than \$10.00, and if the due date*  
30 *of the last installment of the contract is 8 months or less after the*  
31 *date of contract, a charge of not more than \$10.00 may be made in*  
32 *lieu of the time price differential.\**

1 \***[12.]**\* \*13.\* Section 42 of P. L. 1960, c. 40 (C. 17:16C-42) is  
2 amended to read as follows:

3 42. (a) The holder of any retail installment contract may collect  
4 a delinquency or collection charge for default in the payment of  
5 any such contract or any installment thereof, if provided for in the  
6 contract **[where]** when such default shall have continued for a  
7 period of 10 days, such charge not to exceed 5% of each install-  
8 ment in default or the sum of \$5.00, whichever is the lesser. Such  
9 **[delinquency]** charge may be collected by the holder of the **[retail**  
10 **sales]** retail installment contract or charged to the **[retail]** buyer's  
11 retail installment contract account. If charged to the **[retail]**  
12 buyer's retail installment contract account, such charge shall be  
13 made within 35 days from the date of such default and then a  
14 written notification that such charge has been made shall be mailed  
15 to the retail buyer within 5 days from the date when such charge  
16 was made.

17 (b) **[In addition to such delinquency and collection charge, the]**  
18 *The retail installment contract or retail charge account may **[also]***

19 provide for the payment of attorney's fees not exceeding 20% of  
 20 the first \$500.00 and 10% on any excess of the amount due and  
 21 payable under such contract *or account* when referred to an at-  
 22 torney, not a salaried employee of the holder of the contract *or*  
 23 *account*, for collection.

1 \***[13.]**\* \*14.\* Section 50 of P. L. 1960, c. 40 (C. 17:16C-50) is  
 2 amended to read as follows:

3 50. No retail seller, **[and no]** sales finance company, *or holder*  
 4 shall charge, contract for, collect or receive from any retail buyer,  
 5 directly or indirectly, any further or other amount for costs,  
 6 charges, insurance premiums, examination, appraisal service,  
 7 brokerage, commission, expense, interest, discount, fees, fines, pen-  
 8 alties or other things of value in connection with retail installment  
 9 contracts *or retail charge accounts* other than the charges per-  
 10 mitted by this act, except court costs, attorney fees and the expenses  
 11 of retaking and storing repossessed goods which are authorized  
 12 by law.

1 \***[14.]**\* \*15.\* Section 54 of P. L. 1960, c. 40 (C. 17:16C-54) is  
 2 amended to read as follows:

3 54. Whenever, in any retail installment contract *or retail charge*  
 4 *account* under this act, the retail seller, *sales finance company* or  
 5 **[any subsequent]** holder has knowingly charged, contracted for or  
 6 received from the retail buyer any costs or charges not authorized  
 7 by this act, all costs and charges in connection with such contract *or*  
 8 *account*, other than for insurance *authorized by this act* **[and other**  
 9 **benefits]**, shall be void and unenforceable, and any such costs or  
 10 charges other than for insurance *authorized by this act* **[and other**  
 11 **benefits]** shall be applied to the unpaid balance or, if the account  
 12 has been fully paid, remitted to the retail buyer, and the retail  
 13 buyer shall be entitled to recover all such costs or charges.

1 \***[15.]**\* \*16.\* (a) A retail charge account may be entered into be-  
 2 tween a retail buyer and a retail seller or a person wholly owned by  
 3 or which wholly owns a retail seller or between a retail buyer and a  
 4 sales finance company on its own behalf or on behalf of one or more  
 5 retail sellers from whom the sales finance company may purchase  
 6 or acquire the obligations of the retail buyer incurred pursuant to  
 7 a retail charge account.

8 (b) A retail charge account shall be subject to such provisions  
 9 not inconsistent with this act or otherwise prohibited by law which  
 10 may be agreed upon, but shall be subject to the requirements for  
 11 open end credit accounts as prescribed by regulations of the Board  
 12 of Governors of the Federal Reserve System issued pursuant to  
 13 Title I of the Consumer Credit Protection Act (Act of May 29, 1968,

14 Public Law 90-321), referred to in this act as the "Truth in Lending  
15 Act and Regulations."

16 (c) A retail charge account shall become effective when an agree-  
17 ment is signed by the retail buyer or when the retail buyer or some-  
18 one authorized by the retail buyer makes a purchase pursuant to the  
19 terms of the account.

1 \***[16. (a) A]**\* \*17. (a) *Except as provided in subsection (d) of this*  
2 *section, a* retail seller, sales finance company or holder may charge,  
3 receive and collect a time price differential in each billing period  
4 on obligations incurred pursuant to any retail charge account,  
5 which shall be determined as specified in the terms of the account,  
6 subject to the limitations provided herein. Such time price dif-  
6A ferential for each monthly billing period shall not exceed the  
7 amount resulting from applying the periodic rates provided herein  
8 to the greater of the following amounts (including unpaid time price  
9 differentials):

10 (i) The average daily balance of the account for such billing  
11 period, or

12 (ii) The balance of the account at the beginning or end of such  
13 billing period.

14 The periodic rates shall not exceed 1½% on the first \$700.00  
15 of any of the above amounts and 1% on the excess thereof.

16 Notwithstanding the foregoing limitation, if the terms of the  
17 account so provide, the time price differential may be computed on  
18 the median amount within a specified range. Such time price differ-  
19 ential for each monthly billing period shall not exceed the amount  
20 resulting from applying the respective periodic rates specified  
21 above to the median amount within the specified range in which the  
22 greater of the amounts specified in (i) and (ii) is included; pro-  
23 vided, subject to the classifications and differentiations as may  
24 reasonably be established by the retail seller, sales finance company  
25 or holder, the same time price differential is charged on all balances  
26 within the specified range and provided further that the time price  
27 differential determined by applying the respective periodic rates  
28 specified above to the median amount within the range does not  
29 exceed by more than 8% the amount of the time price differential  
30 determined by applying the respective periodic rates specified above  
31 to the lowest amount in the range.

32 (b) If the billing period is not monthly, the maximum periodic  
33 rate shall be that rate which bears the same relation to the respec-  
34 tive periodic rates per month specified above as the number of days  
35 in the billing period bears to 30.

36 (c) Notwithstanding the limitation provided in (a) above, for  
 37 any monthly billing period in which a time price differential may be  
 38 charged pursuant to the terms of the account a minimum time price  
 39 differential of not more than \$0.50 may be charged; if the billing  
 40 period is not monthly, a minimum time price differential may be  
 41 charged in such amount which bears the same relation to \$0.50 as  
 42 the number of days in the billing period bears to 30.

43 *\*Notwithstanding the provisions of this section, the time price*  
 44 *differential which a banking institution shall be entitled to charge,*  
 45 *collect or receive in each billing period on obligations incurred pur-*  
 46 *suant to a retail charge account entered into between such banking*  
 47 *institution and a retail buyer shall not exceed 1-1/4% on the first*  
 48 *\$700 of the amounts in (a)(i) and (ii) of this section and 1% on the*  
 49 *excess thereof.\**

1 **\*[17.]\*** *\*18.\** (a) The provisions of this act relating to retail  
 2 charge accounts shall apply to such accounts in existence on the  
 3 effective date of this act.

4 (b) Nothing in this act shall be construed to make invalid any  
 5 retail charge account or retail installment contract or any transac-  
 6 tion thereunder, made prior to the effective date of this act.

7 *\*(c) All retail sales of goods and services not specifically covered*  
 8 *by this act, and not subject to the express provisions of any other*  
 9 *law, are subject to the general usury law (C. 31:1-1 et seq.).\**

1 **\*[18.]\*** *\*19.\** A sales finance company may purchase a retail  
 2 installment contract or obligations incurred pursuant to a retail  
 3 charge account from a retail seller or sales finance company on such  
 4 terms and conditions and for such price as may be mutually agreed  
 5 upon.

1 **\*[19.]\*** *\*20.\** This act shall take effect 90 days from the date of  
 2 its approval.

STATE OF NEW JERSEY,  
EXECUTIVE DEPARTMENT,  
November 15, 1971. }

SENATE BILL NO. 2144

*To the Senate:*

Pursuant to Article V, Section I, Paragraph 14(b) of the Constitution, I herewith return Senate Bill No. 2144, with my objections, for reconsideration.

Senate Bill No. 2144 would permit a newspaper to move its publication office to an adjacent county and continue to be qualified to accept legal publications which it was qualified to publish prior to the move for a period of two years after the date of said move in the event that the newspaper meets the other qualifications set forth in this section. The bill would further require that the newspaper have been qualified to publish legal advertisements for at least 10 years before said move in order for the two-year grace period to apply.

I am of the opinion that with respect to legal advertising the most important qualifications for a newspaper should be area of circulation as opposed to the physical location of its publication office. It would appear to me to be completely reasonable to allow a newspaper otherwise eligible to publish legal advertisements to continue so doing irrespective of the location of its publication office if the area of circulation remains the same. Likewise, it is reasonable to assume that if a newspaper may move into an adjacent county and continue to publish legal advertisements which it was qualified to publish prior to the move for a two-year period, the same newspaper should be able to move to another municipality within the same county and enjoy the same rights. Further, I see no reason why the right discussed above should not be applied to all newspapers qualified to publish legal advertising rather than only those that have been so qualified for at least 10 years.

Accordingly, I respectfully recommend the following change in Senate Bill No. 2144:

*Page 2, Section 1, Lines 41-48:* Delete in its entirety and insert "In the event any newspaper which shall have been qualified to publish legal advertisements shall move its publication office to any municipality in the same county or in an adjacent county in this State and which shall otherwise continue to meet the qualifications of this section, it shall

continue to be qualified to publish legal advertisements which it was qualified to publish prior to moving said publication office for a period of two years after the date of the moving of its publication office."

Respectfully,

[SEAL] /s/ WILLIAM T. CAHILL,  
Attest: Governor.  
/s/ JEAN E. MULFORD,  
Acting Secretary to the Governor.

STATE OF NEW JERSEY,  
EXECUTIVE DEPARTMENT,  
December 6, 1971. }

SENATE BILL NO. 2154

*To the Senate:*

Pursuant to Article V, Section I, Paragraph 14(b) of the Constitution, I herewith return Senate Bill No. 2154, with my objections, for reconsideration.

Senate Bill No. 2154 would amend the Retail Installment Sales Act of 1960 (N. J. S. 17:16C-1 et seq.) to bring within its scope unsecured time sales of goods having a cash value of \$7500 or less, time sales of certain services, and revolving credit, i.e., retail charge accounts. This bill would establish a maximum finance charge on the time sales included within its purview of 1½% per month, or 18% annually on the first \$700, and 12% annually on the excess. The bill as passed by the Legislature would also provide that the same rates would apply to bank credit cards used to purchase goods. I am advised that generally retail stores are presently charging interest at 1½% per month on such unsecured time sales and that this rate has been in existence for an appreciable period of time. This bill does not increase that rate. The main thrust of the bill as it relates to retail stores is the requirement that the stores in the field of unsecured installment selling will be regulated for the first time. I strongly believe that in this general area of unsecured financing, it is vital to the protection of the consumer that there be state regulation.

In addition, I do not believe it is desirable to include professional fees, tuition charges and burial fees within the ambit of credit card charges. I believe the definition of services in Senate Bill No. 2154 is much too broad and

could result in many abuses. A section of this bill would permit professionals, including doctors, dentists, and lawyers, to require a patient, customer or client to pay an interest rate of 18% per annum on financed or delinquent accounts. Frankly, I know of no professional man who does, in fact, charge a patient or client with interest on outstanding accounts. However, apparently there may be a few who do. In my judgment, this type of practice is beyond the pale of professionalism. Consequently, I am recommending that this section be amended in part so that a professional person can only charge the current interest rate on financed or delinquent accounts. In my view, Senate Bill No. 2154 should also be amended to redefine services to exclude such areas of potential abuse, and to indicate that transactions not covered specifically by a statute expressly authorizing greater interest charges are subject to New Jersey's general usury law, N. J. S. 31:1-1 et seq.

Another type of consumer credit affected by this bill is the bank credit card. Presently, banks are regulated under the Banking Act of 1948 and authorized to charge no more than 12% per annum. Under the bill in its present form, the banks would be permitted to charge an interest rate of 18% per annum in this type of account up to \$700, and 12% thereafter. While I can understand that the banks do, in fact, have expenses relating to this type of credit charge, I do believe 18% would be excessive. Consequently, I am recommending that the rate be reduced from 18% to 15% per annum.

Accordingly, I herewith return Senate Bill No. 2154 for reconsideration and recommend that it be amended as follows:

*Page 1, Section 1, Line 2:* Before "retail" insert "certain".

*Page 2, Section 2, Line 50:* After "assignment" delete "or" and insert "of".

*Page 4, Section 2, Lines 132-139:* Delete in their entirety and insert a new subsection (s) as follows:

"(s) 'Services' means and includes work, labor and services for other than a commercial or business use, but does not include professional services nor services which are subject to the 'Home Repair Financing Act,' and insurance premiums financing which is subject to the 'Insurance Premium Finance Company Act' (P. L. 1968, c. 221; C. 17:16D-1 et seq.)".

*Page 6, Section 6, Line 8:* After "insecure" insert "and any such provision shall be void and unenforceable".

*Page 6, Section 7, Line 6:* After "action" insert "or defense".

*Page 6, Section 7, Line 10:* After "account" insert "and any such provision shall be void and unenforceable".

*Page 6, Section 8, Line 6:* After "attorney" insert "and any such provision shall be void and unenforceable".

*Page 7, Section 9, Line 7:* After "account" insert "and any such provision shall be void and unenforceable".

*Page 7, Section 10, Line 7:* After "earned" insert "and any such provision shall be void and unenforceable".

*Page 7, Section 11, Line 11:* After this line insert a new Section 12 as follows:

"12. Section 41 of P. L. 1960, c. 40 (C. 17:16C-41) is amended to read as follows:

41. A retail seller and a motor vehicle installment seller, under the provisions of this act, shall have authority to charge, contract for, receive or collect a time price differential as defined in this act, on any retail installment contract evidencing the sale of goods or services which shall not exceed the rates for the respective classification as follows:

Class I. New motor vehicles, an amount not to exceed \$7.00 per \$100.00 per year;

Class II. Used motor vehicles of a model designated by the manufacturer by a year not more than 2 years prior to the year in which the sale is made, an amount not to exceed \$10.00 per \$100.00 per year;

Class III. Older used motor vehicles of a model designated by the manufacturer by a year more than 2 years prior to the year in which the sale is made, an amount not to exceed \$13.00 per \$100.00 per year;

Class IV. On all other goods or services, an amount not to exceed \$10.00 per \$100.00 per year.

The time price differential shall be computed on the amount of the principal balance as determined in section 27(f), from the date of the contract to the due date of the final installment, notwithstanding the fact that the contract is to be repaid in installments.

If the time price differential so computed is less than \$12.00, and if the due date of the last installment of the contract is more than 8 months after the date of the contract, a charge of not more than \$12.00 may be made in lieu of the time price differential. If the time price differential so computed is less than \$10.00, and if the due date of the last installment of the contract is 8 months or less after the date of contract, a charge of not more than \$10.00 may be made in lieu of the time price differential."

Page 7, Section 12, Line 1: Delete "12" and insert "13".

Page 8, Section 13, Line 1: Delete "13" and insert "14".

Page 8, Section 14, Line 1: Delete "14" and insert "15".

Page 8, Section 15, Line 1: Delete "15" and insert "16".

Page 9, Section 16, Line 1: Delete "16. (a) A" and insert "17. (a) Except as provided in subsection (d) of this section, a".

Page 10, Section 16, Line 42: After this line insert a new subsection (d) as follows:

"Notwithstanding the provisions of this section, the time price differential which a banking institution shall be entitled to charge, collect or receive in each billing period on obligations incurred pursuant to a retail charge account entered into between such banking institution and a retail buyer shall not exceed 11 1/2% on the first \$700 of the amounts in (a) (i) and (ii) of this section and 1% on the excess thereof."

Page 10, Section 17, Line 1: Delete "17" and insert "18".

Page 10, Section 17: After line 6 insert a new subparagraph as follows:

"(c) All retail sales of goods and services not specifically covered by this act, and not subject to the express provisions of any other law, are subject to the general usury law (C. 31:1-1 et seq.)."

Page 10, Section 18, Line 1: Delete "18" and insert "19".

Page 10, Section 19, Line 1: Delete "19" and insert "20".

Respectfully,

/s/ WILLIAM T. CAHILL,  
Governor.

[SEAL]

Attest:

/s/ JEAN E. MULFORD,  
Acting Secretary to the Governor.

STATE OF NEW JERSEY,  
EXECUTIVE DEPARTMENT,  
April 5, 1971.

SENATE JOINT RESOLUTION No. 23 (OCR)

To the Senate:

Pursuant to Article V, Section I, Paragraph 14(b) of the Constitution, I herewith return Senate Joint Resolution No. 23 (OCR), for reconsideration.

This Senate Joint Resolution would create a 9 member bipartisan commission to study fluoridation of potable water supplies as a public health measure.

While I am in agreement with the purpose and intent of this joint resolution, it is my belief that the commission should be totally objective and impartial in its work and study. The bill was amended to limit the Governor's designees on this study group and requires that of the 4 members to be appointed by me, one person must be prominently identified as an opponent of the issue of fluoridation of public potable water, and one person must be prominently identified as a proponent of that issue. The restriction I refer to is too limiting and should be deleted.

Accordingly, I herewith return Senate Joint Resolution No. 23(OCR) without my approval and respectfully recommend the following changes:

1. Page 2, Section 1, delete Lines 16 through 20 in their entirety and insert the following:

"For the better assurance of objectivity and impartiality in the deliberations of the commission, members to be appointed by the Governor, the President of the Senate or the Speaker of the General Assembly shall be selected from among persons who are not prominently identified as either opposing or promoting the fluoridation of public potable water."

Respectfully,

/s/ WILLIAM T. CAHILL,  
Governor.

[SEAL]  
Attest:

/s/ JEAN E. MULFORD,  
Acting Secretary to the Governor.