

CHAPTER 14 LAWS OF N. J. 1972  
APPROVED 4-17-72

**CORRECTED COPY**  
**SENATE, No. 565**

**STATE OF NEW JERSEY**

INTRODUCED FEBRUARY 7, 1972

By Senators WOODCOCK and CRABIEL

Referred to Committee on Labor, Industry and Professions

AN ACT to amend "An act to define and regulate certain 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," approved June 9, 1960 (P. L. 1960, c. 40) as said title was amended by P. L. 1971, c. 409, and amending section 18 of P. L. 1971, c. 409.

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

1 1. 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 *which are primarily*  
6 *for personal, family or household purposes*, including merchandise  
7 certificates and coupons to be exchanged for goods or services,  
8 having a cash price of \$7,500.00 or less, but not including money or  
9 other choses in action. *Goods shall not include chattels personal*  
10 *sold for commercial or business use.*

11 (b) "Retail installment contract" means any contract, other  
12 than a retail charge account or an instrument reflecting a sale pur-  
13 suant thereto, entered into in this State between a retail seller and  
14 a retail buyer evidencing an agreement to pay the retail purchase  
15 price of goods or services, which are primarily for personal, family  
16 or household purposes, or any part thereof, in two or more install-  
17 ments over a period of time. This term includes a security agree-  
18 ment, chattel mortgage, conditional sales contract, or other similar  
19 instrument and any contract for the bailment or leasing of goods  
20 by which the bailee or lessee agrees to pay as compensation a sum  
21 substantially equivalent to or in excess of the value of the goods,

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

22 and by which it is agreed that the bailee or lessee is bound to  
23 become, or has the option of becoming, the owner of such goods  
24 upon full compliance with the terms of such retail installment  
25 contract.

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

30 (d) "Retail buyer" means a person who buys or agrees to buy  
31 goods or services from a retail seller, not for the purpose of resale,  
32 pursuant to a retail installment contract or a retail charge account.

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

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

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

54 (h) "Motor vehicle installment seller" means a dealer in motor  
55 vehicles, who is required to be licensed under chapter 10 of Title  
56 39 of the Revised Statutes and who sells or offers to sell a motor  
57 vehicle to a retail buyer under a retail installment contract.

58 (i) "Cash price" means the minimum price for which the goods  
59 or services subject to a retail installment contract or a retail  
60 charge account or other goods or services of like kind and quality  
61 may be purchased for cash from the seller by the buyer, as stated  
62 in the retail installment contract, the retail charge account or an  
63 instrument reflecting a sale pursuant thereto.

64 (j) "Down payment" means all payments made in cash or in  
65 goods or partly in cash and partly in goods, received by the retail  
66 seller prior to or substantially contemporaneous with either the  
67 execution of the retail installment contract or the delivery of the  
68 goods, whichever occurs later.

69 (k) "Official fees" means the filing or other fees required by  
70 law to be paid to a public officer to perfect an interest or lien,  
71 on the goods, retained or taken by a retail seller under a retail in-  
72 stallment contract and motor vehicle license and transfer fees paid  
73 to the State.

74 (l) "Time price differential" means the amount or amounts,  
75 however denominated or computed, in addition to the cash price  
76 or prices, to be paid by the retail buyer for the privilege of pur-  
77 chasing goods or services pursuant to a retail installment contract  
78 or a retail charge account. The term does not include the amount,  
79 if a separate charge is made therefor, for insurance and official fees.

80 (m) "Holder" means any person, including a retail seller, who is  
81 entitled to the rights of a retail seller under a retail installment  
82 contract or retail charge account.

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

85 (o) "Commissioner" means the Commissioner of Banking of  
86 New Jersey and includes his deputies or any salaried employee  
87 of the Department of Banking named or appointed by the said  
88 commissioner to perform any function in the administration or  
89 enforcement of this act.

90 (p) "Payment-period" means the period of time scheduled by a  
91 retail installment contract to elapse between the days upon which  
92 installment payments are scheduled to be made on such contract;  
93 except that, when installment payments are scheduled to be omitted,  
94 pursuant to section 26, "payment-period" means the period of time  
95 scheduled by the contract to elapse between the days upon which  
96 installment payments are scheduled to be made during that portion  
97 of the contract period in which no installment payment is scheduled  
98 to be omitted.

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

102 (r) "Retail charge account" means any account, other than a re-  
103 tail installment contract or a home repair contract which is subject  
104 to the "Home Repair Financing Act" (P. L. 1960, c. 41;  
105 C. 17:16C-62 et seq.), established by an agreement which prescribes  
106 the terms under which a retail buyer may from time to time pur-

107 chase or lease goods or services which are primarily for personal,  
 108 family or household purposes, and under which the unpaid balance  
 109 thereunder, whenever incurred, is payable in one or more install-  
 110 ments and under which a time price differential may be added in  
 111 each billing period as provided herein. Retail charge account also  
 112 includes all accounts arising out of the utilization by the holder of  
 113 a credit card, letter of credit or other credit identification issued  
 114 by a sales finance company, giving the holder the privilege of using  
 115 the credit card, letter of credit or other credit identification to  
 116 become a retail buyer in transactions out of which debt arises:  
 117 (1) by the sales finance company's payment or agreement to pay  
 118 the retail buyer's obligations; or (2) by the sales finance company's  
 119 purchase from the retail seller of the obligations of the user of the  
 120 credit card, letter of credit or other credit identification as a retail  
 121 buyer.

122 (s) "Services" means and includes work, labor and services [for  
 123 other than a commercial or business use,] *which are primarily for*  
 124 *personal, family or household purposes*, but does not include pro-  
 125 fessional services nor services which are subject to the "Home  
 126 Repair Financing Act," and insurance premiums financing which  
 127 is subject to the "Insurance Premium Finance Company Act"  
 128 (P. L. 1968, c. 221 ; C. 17:16D-1 et seq.). *Services, as herein defined,*  
 129 *which are professional services, shall not be subject to the pro-*  
 130 *visions of this act or of the act to which this act is a supplement,*  
 131 *and any contract for the payment of the cost of such services shall*  
 132 *be subject to the general usury law (R. S. 31:1-1 et seq.).*

133 (t) "Billing period" means the time interval between regular  
 134 periodic billing statement dates. In the case of monthly billing  
 135 periods, such intervals shall be considered equal intervals of time  
 136 if the billing date of a billing period does not vary more than 4  
 137 days from the billing date of the immediately preceding billing  
 138 period. In the case of billing periods which are not monthly, the  
 139 permissible variation in billing dates shall be that proportion of  
 140 4 days (adjusted to the nearest whole number) which the number  
 141 of days in the billing period bears to 30.

1 2. Section 18 of P. L. 1971, c. 409 is amended to read as follows:

2 18. (a) The provisions of this act relating to retail charge ac-  
 3 counts shall apply to such accounts in existence on the effective  
 4 date of this act.

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

8 [(c) All retail sales of goods and services not specifically covered

9 by this act, and not subject to the express provisions of any other  
10 law, are subject to the general usury law (C. 31:1-1 et seq.).**】**

1 3. This act shall take effect April 19, 1972 or on the date of its  
2 enactment, whichever occurs later.

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#### STATEMENT

This bill is intended to clarify certain technical problems raised by the enactment of P. L. 1971, c. 409.

The provision regarding the allowable interest rates for professional services has been removed from subsection 18 c. and a similar provision added to subsection 1 (s) defining "services."

SENATE, No. 565

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12 *than a retail charge account or an instrument reflecting a sale pur-*  
13 *suant thereto,* entered into in this State between a retail seller and  
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16 or household purposes, or any part thereof, in two or more install-  
17 ments over a period of time. This term includes a *security agree-*  
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35 duals however organized.

36 (f) "Sales finance company" means and includes any person  
37 engaging in this State in the business of acquiring or arranging for  
38 the acquisition of retail installment contracts *or obligations in-*  
39 *curring pursuant to retail charge accounts* by purchase, discount,  
40 pledge or otherwise *from a retail seller which is not wholly owned*  
41 *by or does not wholly own such person*, and any person engaging,  
42 directly or indirectly, in the business of soliciting the purchase of  
43 retail installment contracts *or obligations incurred pursuant to*  
44 *retail charge accounts from a retail seller which is not wholly owned*  
45 *by or does not wholly own such person*, or in the business of aiding  
46 the retail seller in selling, assigning or arranging for the sale or  
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88 commissioner to perform any function in the administration or  
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 7 tion thereunder, made prior to the effective date of this act.

8 [(c) All retail sales of goods and services not specifically covered

9 by this act, and not subject to the express provisions of any other  
10 law, are subject to the general usury law (C. 31:1-1 et seq.)**】**  
1 3. This act shall take effect April 19, 1972 or on the date of its  
2 enactment, whichever occurs last.

---

STATEMENT

This bill is intended to clarify certain technical problems raised by the enactment of P. L. 1971, c. 409.

The provision regarding the allowable interest rates for professional services has been removed from subsection 18 c. and a similar provision added to subsection 1 (s) defining "services."

SENATE LABOR, INDUSTRY AND PROFESSIONS  
COMMITTEE

STATEMENT TO  
**SENATE, No. 565**  
[CORRECTED COPY]

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**STATE OF NEW JERSEY**

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DATED: MARCH 16, 1972

According to the statement on this bill, it is intended to clarify certain technical problems raised by the enactment of P. L. 1971, c. 409 which amended the retail installment sales law in several respects, including the inclusion of retail charge accounts within the provisions of the law. This bill further amends the retail installment sales law to clarify that the provisions of the law shall apply to goods and services primarily for personal, family or household purposes, and not goods sold for commercial or business use. The bill also provides that professional services shall not be covered by the retail installment sales law, but shall be covered by the general usury law. A provision added by P. L. 1971, c. 409 (C. 17C:16C-58.1) that all retail sales of goods and services not covered by the retail installment sales law, and not subject to the provisions of any other law, are subject to the general usury law, is deleted by this bill.