

17:9A-54

August 25, 1970

LEGISLATIVE NOTES ON R.S. 17:9A-54  
(Bank loan - amount)

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- L. 1969, Chapter 256 - A993
  - May 5 - Introduced by DeKorte and Moraites.
  - May 15 - Passed in Assembly.
  - December 1 - Passed in Senate.
  - January 7 - Approved, Chapter 256.
  - Not amended during passage.
  - State<sup>ment</sup> on bill (copy enclosed).

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# ASSEMBLY No. 993

## STATE OF NEW JERSEY

INTRODUCED MAY 5, 1969

By Assemblymen DE KORTE and MORAITES

(Without Reference)

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April 29, 1948 (P. L. 1948, c. 67).

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

1 1. Section 54 of P. L. 1948, chapter 67 (C. 17:9A-54) is amended  
2 to read as follows:

3 54. Limitations.

4 A. A bank which makes a loan to which this article applies shall  
5 not

6 (1) Require that more than one installment be payable in any one  
7 payment-period, except that the last 2 installments may be payable  
8 in the same payment-period. Every such loan shall provide for pay-  
9 ment-periods of equal duration measured in terms of weeks or  
10 months, except that the period scheduled to elapse between the  
11 making of the loan and the date when the first installment is  
12 scheduled to be paid, hereinafter in this paragraph referred to as  
13 "the initial payment-period" may be longer than any other pay-  
14 ment-period, but may not exceed 60 days. Any such loan may pro-  
15 vide for the omission of installments during any period not  
16 exceeding 93 days in any one 12-month period. When the period  
17 during which installments are so omitted falls within or coincides  
18 with the initial payment-period as hereinabove defined, the initial  
19 payment-period may be longer than any other payment-period, but  
20 may not exceed 93 days. Except as herein otherwise expressly pro-  
21 vided, no payment-period shall be shorter than 1 week or longer  
22 than 1 month;

23 (2) Require that the amount of any installment be greater than  
24 or less than that of any other installment, except that the final in-  
25 stallment may be not more than \$1.00 more or less than any previous  
26 installment;

27 (3) Prior to default, directly or indirectly take any security for  
28 any such loan other than an interest in tangible personal property;  
29 except that, in the case of a Class II loan, the bank may take as  
30 security therefor either an interest in tangible personal property  
31 or a mortgage upon the real property to be improved, modernized,  
32 rehabilitated, altered or repaired with the proceeds of such loan;

33 (4) Make any Class I loan unless its final installment shall be  
34 due and payable not later than 3 years and 1 month subsequent to  
35 the making of the loan; or make any Class II loan unless its final  
36 installment shall be due and payable not more than 5 years and 1  
37 month subsequent to the making of the loan;

38 (5) Make any further interest or other charge or demand, in  
39 connection with such loan, other than those expressly authorized by  
40 this article;

41 (6) Make any such loan for the payment of which any person  
42 shall be liable to the bank in any capacity, if the amount of the net  
43 proceeds of such loan, and the amounts of the principal balances  
44 owing on all other loans to which this article applies, for the pay-  
45 ment of which such person is liable to such bank in any capacity,  
46 will, in the aggregate, exceed \$5,500.00 or \$7,500.00 in the case of a  
47 *Class II loan*. For the purposes of this paragraph, the principal  
48 balance owing on a loan to which this article applies shall be deemed  
49 to be the face amount of the instrument evidencing such loan, less  
50 the aggregate of all installments paid thereon, and less a credit  
51 computed according to the formula contained in section 56. If, for  
52 the purpose of determining the maximum amount in which a person  
53 may be liable to a bank, any law of this State provides that the  
54 liability of a person to a bank on loans to which this article applies  
55 shall be added to the liability of such person on loans made pur-  
56 suant to such law, then, for the purpose of applying the \$5,500.00  
57 or \$7,500.00 limitation imposed by this paragraph, the amount of  
58 such person's liability to repay the principal amount, without in-  
59 terest or other charges, of loans made pursuant to such law, shall  
60 be considered as a liability of such person on loans to which this  
61 article applies.

62 B. Nothing in this section or elsewhere in this article contained  
63 shall prevent a bank from making a loan to which this article  
64 applies, the proceeds of which will be applied in whole or in part to  
65 the repayment at or before final maturity of a loan theretofore  
66 made under the provisions of this article or otherwise.

1 2. This act shall take effect immediately.

## STATEMENT

The purpose of this bill is to increase the amount of money a bank may loan a person for the purposes of "home or property improvement" from \$5,500.00 to \$7,500.00. A Class II loan is defined in section 53 of P. L. 1948, chapter 67 (C. 17:9A-53) as a "property improvement loan."