

17:10-3

LEGISLATIVE HISTORY CHECKLIST
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(Licensed lenders--amendments)

NJSA: 17:10-3

LAWS OF: 1995 **CHAPTER:** 53

BILL NO: S1513

SPONSOR(S): Bennett and Lesniak

DATE INTRODUCED: October 13, 1994

COMMITTEE: **ASSEMBLY:** ---

SENATE: State Management

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First reprint enacted denoted by superscript numbers

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COMMITTEE STATEMENT: **ASSEMBLY:** Yes

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[FIRST REPRINT]

SENATE, No. 1513

STATE OF NEW JERSEY

INTRODUCED OCTOBER 13, 1994

By Senators BENNETT and LESNIAK

1 AN ACT concerning licensed lenders and amending various parts
2 of statutory law.

3

4 BE IT ENACTED *by the Senate and General Assembly of the*
5 *State of New Jersey:*

6 1. R.S.17:10-3 is amended to read as follows:

7 17:10-3. Application for the license shall be in writing, under
8 oath or affirmation, and in the form prescribed by the
9 commissioner. It shall state the name and address both of the
10 residence and place of business of the applicant, and if the
11 applicant is a copartnership or association, of every member
12 thereof, and if a corporation, of each officer and director
13 thereof. It shall also state the [county and municipality with
14 street and number if any,] address or addresses where the
15 business is to be conducted and any other information the
16 commissioner requires. The applicant, at the time of making the
17 application, shall pay to the commissioner, in an amount to be
18 prescribed by rule or regulation of the commissioner, an
19 application fee, not to exceed [~~\$500.00~~] \$500 at the time of
20 initial application, an initial investigation fee, not to exceed
21 [~~\$1,000.00~~] \$1,000, for investigating the application, a fee, not to
22 exceed [~~\$1,000.00~~] \$1,000, for investigating additional locations
23 of licensees, and a biennial license fee, not to exceed [~~\$1,000.00~~]
24 ¹[\$1,000] \$2,000¹. The license issued for each location shall run
25 from the date of issuance to the end of the biennial period. When
26 the initial license is issued in the second year of the biennial
27 licensing period, the license fee shall be an amount equal to
28 one-half of the licensing fee for the biennial licensing period.

29 In addition to the biennial license fee every licensee hereunder
30 will pay to the commissioner the actual cost of each examination
31 of his business as provided for in R.S.17:10-11.

32 Every applicant shall, in writing, and in due form to be
33 prescribed by the commissioner, file with the application a duly
34 executed instrument constituting the commissioner and his
35 successors in office the true and lawful agent and attorney of the
36 applicant in this State, upon whom all original process in any
37 action or legal proceeding, caused by the operation of a [small]
38 consumer loan business under this chapter, against the applicant
39 or licensee may be served, except the notices prescribed in
40 R.S.17:10-7 and R.S.17:10-10. The applicant shall agree therein
41 that any original process or legal proceeding, except as above
42 stated, against the applicant or licensee shall be of the same
43 force and effect as if served on the applicant or licensee
44 personally. The commissioner shall keep a record of such

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SSM committee amendments adopted December 8, 1994.

1 process, showing the date and hour of service.
2 Every applicant shall also prove in form satisfactory to the
3 commissioner, that the applicant has a net worth of at least
4 ~~[\$100,000.00]~~ \$100,000, and has available for the purpose of
5 making loans under this chapter, at the location or locations
6 specified in the application, liquid assets of at least ~~[\$100,000.00,~~
7 except that an applicant who holds a license pursuant to this
8 chapter on the effective date of this 1989 amendatory act, shall
9 not be required to prove and maintain at all times a net worth of
10 at least \$100,000.00 and have available liquid assets of at least
11 \$100,000.00 for the purpose of making loans under this chapter at
12 the location specified in the application until five years after the
13 effective date of this 1989 amendatory act] \$100,000.

14 (cf: P.L.1989, c.38, s.3)

15 2. R.S.17:10-8 is amended to read as follows:

16 17:10-8. Not more than one place of business shall be
17 maintained under the same license, but the commissioner may
18 issue more than one license to the same licensee upon compliance
19 with all the provisions of this chapter governing an original
20 issuance of a license, for each new license.

21 Whenever a licensee desires to change his place of business to
22 another location [within the same municipality] , the licensee
23 shall notify the commissioner [, on application, if he finds that
24 the interests of the community will be served thereby, shall give
25 his written approval of the proposed change by issuing] of the new
26 address and the date such change will be made at least 30 days in
27 advance thereof, and the commissioner shall issue a certificate
28 [under his hand and official seal authorizing such change and
29 specifying the date on or after which, and the place to which,
30 such change may be made, which certificate] identifying the new
31 location and the date of change, which certificate shall be
32 attached to the license and shall be authority for the operation of
33 the business under the license at the new location. [No change in
34 the place of business of a licensee to a location outside of the
35 original municipality shall be permitted under the same license.]

36 (cf: P.L.1967, c.94, s.6)

37 3. R.S.17:10-14 is amended to read as follows:

38 17:10-14. Notwithstanding the provisions of R.S.31:1-1 or any
39 other law to the contrary, every licensee hereunder may loan any
40 sum of money not exceeding ~~[\$15,000.00]~~ \$15,000 repayable in
41 installments, and may charge, contract for and receive thereon
42 interest at an annual percentage rate or rates agreed to by the
43 licensee and the borrower.

44 A closed-end loan contract may provide for a variation in the
45 rate of interest in which adjustments to the interest rate shall
46 correspond directly to the movement of an interest rate index
47 which is readily available to and verifiable by the borrower and is
48 beyond the control of the lender. No increase during the entire
49 loan term shall result in an interest rate of more than 6% per
50 annum over the rate applicable initially, nor shall the rate be
51 raised more than 3% per annum during any 12-month period. The
52 lender shall not be obligated to decrease the interest rate more
53 than 6% over the term of the loan, nor more than 3% per annum
54 during any 12-month period. If a rate increase is applied to the

1 loan, the lender shall also be obligated to adopt and implement
2 uniform standards for decreasing the rate. If the contract
3 provides for the possibility of an increase or decrease, or both, in
4 the rate, that fact shall be clearly described in plain language, in
5 at least 8-point bold face type on the face of the contract. No
6 rate increase shall take effect during the first three years of the
7 term of the loan, or thereafter, (a) unless at least 90 days prior to
8 the effective date of the first such increase, or 30 days prior to
9 the effective date of any subsequent increase, a written notice
10 has been mailed or delivered to the borrower that clearly and
11 conspicuously describes such increase, and (b) unless at least 365
12 days have elapsed without any increase in the rate. No increase
13 during the entire loan shall result in an interest rate of more than
14 6% per annum over the rate applicable initially, nor shall the rate
15 be raised more than 3% per annum during any 12-month period.
16 Where the loan contract so provides for an increase or decrease
17 in the rate of interest, the provision of R.S.17:10-13 requiring
18 that no installment be substantially greater in amount than any
19 preceding installment shall not apply.

20 An open-end loan agreement may provide that the lender may
21 at any time, or from time to time, change the terms of the
22 agreement, including the terms governing the periodic interest
23 rate, calculation of interest or the method of computing the
24 required amount of periodic installment payments, provided
25 however, that:

26 a. the periodic interest rate shall not be changed more than
27 once in each billing cycle;

28 b. any change in the periodic interest rate shall correspond to
29 the movement of a market interest rate index specified in the
30 agreement which is readily verifiable by the borrower and beyond
31 the control of the lender;

32 c. a change in any term of the agreement, including the
33 periodic interest rate, may be permitted to apply to any
34 then-outstanding unpaid indebtedness in the borrower's account
35 including any indebtedness which shall have arisen from advances
36 obtained prior to the effective date of the change, provided that
37 fact is clearly and conspicuously disclosed in the agreement;

38 d. if the agreement provides for the possibility of change in
39 any term of the agreement including the rate, that fact shall be
40 clearly described in plain language, in at least 8-point bold face
41 type on the face of the written notice; and

42 e. no change in any term of the agreement or of the index
43 specified in the agreement shall be effective unless: (1) at least
44 30 days prior to the effective date of the change, a written
45 notice has been mailed or delivered to the borrower that clearly
46 and conspicuously describes the change and the indebtedness to
47 which it applies and states that the incurrence by the borrower or
48 another person authorized by him of any further indebtedness
49 under the law to which the agreement relates on or after the
50 effective date of the change specified in the notice shall
51 constitute acceptance of the change; and (2) either the borrower
52 agrees in writing to the change or the borrower or another person
53 authorized by him incurs such further indebtedness on or after
54 the effective date of the change stated in such notice, which

1 indebtedness may include outstanding balances.

2 The lender shall notify each affected borrower of any change in
3 the manner set forth in the closed-end and open-end agreement
4 governing the plan and in compliance with the requirements of
5 the federal Truth in Lending Act (15 U.S.C. §1601 et seq.) and
6 regulations promulgated thereunder, as in effect from time to
7 time, if applicable.

8 The interest and periodic payments for loans at these rates
9 shall be computed from standard tables based on the actuarial or
10 annuity method which conforms to the so-called "United States
11 Rule of Partial Payments," which provides that interest shall be
12 calculated whenever a payment is made and the payment shall be
13 first applied to the payment of interest and if it exceeds the
14 interest due, the balance is to be applied to diminish principal. If
15 the payment is insufficient to pay the entire amount of interest,
16 the balance of interest due shall not be added to principal, so as
17 to produce interest thereon.

18 No interest shall be paid, deducted, or received in advance.
19 Interest shall not be compounded and shall be computed only on
20 unpaid principal balances. For the purpose of computing interest,
21 all installment payments shall be applied on the date of receipt,
22 and interest shall be charged for the actual number of days
23 elapsed at the daily rate of 1/365 of the yearly rate.

24 No licensee shall induce or permit any person nor any husband
25 and wife, jointly or severally, to become obligated, directly or
26 contingently or both, under more than one contract of loan at the
27 same time for the purpose of obtaining a higher rate of interest
28 than would otherwise be permitted by this section. This
29 prohibition shall not apply to any loan made pursuant to any other
30 law of this State.

31 In addition to the interest herein provided for, no further or
32 other charge, or amount whatsoever for any examination, service,
33 brokerage, commission, expense, fee, or bonus or other thing or
34 otherwise shall be directly or indirectly charged, contracted for,
35 or received, except for any amount actually paid by a licensee to
36 a public official for the recording of a security interest in
37 connection with security given for the loan and (1) amounts for
38 insurance obtained or provided by the licensee in accordance with
39 the provisions of this chapter; (2) on actual sale of the security in
40 foreclosure proceedings or upon the entry of judgment; [and] (3) a
41 returned check fee not to exceed \$20 which the licensee may
42 charge the borrower if a check of the borrower is returned to the
43 licensee uncollected due to insufficient funds in the borrower's
44 account; and (4) an annual fee on open-end accounts which may
45 not exceed an amount equal to one percent of the line of credit
46 or \$50, whichever is less. If any interest, consideration or
47 charges in excess of those permitted by this chapter are charged,
48 contracted for or received, except as the result of a good faith
49 error, the contract of loan shall be void and the licensee shall
50 have no right to collect or receive any principal, interest, or
51 charges whatsoever, and the borrower shall be entitled to recover
52 from the lender any such sums paid or returned to the lender by
53 the borrower on account of or in connection with the loan.

54 (cf: P.L.1993, c.260, s.4)

1 4. Section 1 of P.L.1962, c.159 (R.S.17:10-14.1) is amended to
2 read as follows:

3 1. a. When the borrower or borrower consents thereto in
4 writing, a licensee may obtain or provide:

5 (1) Insurance on the life and on the health or disability, or
6 both, of one [obligor] borrower, and on the lives, health or
7 disability of two [obligors if spouses,] borrowers pursuant to the
8 provisions of N.J.S.17B:29-1 et seq.; and

9 (2) Credit involuntary unemployment insurance in accordance
10 with forms and rates filed and approved by the Commissioner of
11 Insurance pursuant to applicable regulations.

12 b. If a licensee obtains or provides any credit insurance for a
13 borrower or borrowers pursuant to subsection a. of this section, a
14 licensee may deduct from the principal of a loan and retain an
15 amount equal to the premium lawfully charged by the insurance
16 company. The amount so deducted and retained shall not be
17 considered a prohibited charge or amount of any examination,
18 service, brokerage, commission, expense, fee or bonus or other
19 thing or otherwise.

20 c. If a borrower [obtains] or borrowers obtain such insurance
21 from or through a licensee, the statement required by
22 R.S.17:10-15 shall show the amount of the charge therefor, and
23 the licensee shall cause to be delivered to the borrower or
24 borrowers a copy of the policy, certificate or other evidence of
25 such insurance when the loan is made. Nothing in the "Consumer
26 Loan Act" shall prohibit the licensee, or any employee, affiliate,
27 subsidiary or associate of the licensee, from collecting the
28 premium or identifiable charge for insurance permitted by this
29 section and from receiving and retaining any dividend, or any
30 other gain or advantage resulting from such insurance, nor shall
31 the sale or provision of such insurance be deemed to require prior
32 authorization under the provisions of R.S.17:10-13.

33 (cf: P.L.1991, c.118, s.2)

34 5. Section 5 of P.L.1979, c.493 (C.17:10-14.2) is amended to
35 read as follows:

36 5. a. As used in this amendatory and supplementary act:

37 (1) "Open-end loan" means a loan made by a licensee pursuant
38 to an agreement between the licensee and the borrower whereby:

39 (i) The licensee may permit the borrower to obtain advances of
40 money from the licensee from time to time or the licensee may
41 advance money on behalf of the borrower from time to time as
42 directed by the borrower;

43 (ii) The amount of each advance and permitted interest and
44 charges are debited to the borrower's account and payments and
45 other credits are credited to the same account;

46 (iii) Interest is computed on the unpaid principal balance or
47 balances of the account from time to time;

48 (iv) The borrower has the privilege of paying the account in
49 full at any time or, if the account is not in default, in monthly
50 installments of fixed or determinable amounts as provided in the
51 agreement; and

52 (v) The agreement expressly states that it covers open-end
53 loans pursuant to this chapter.

54 (2) "Billing Cycle" means the time interval between periodic

1 billing dates. A billing cycle shall be considered monthly if the
2 closing date of the cycle is the same date each month or does not
3 vary by more than four days from such date.

4 b. Open-end loans shall be subject to the following:

5 (1) A licensee may make open-end loans and may contract for
6 and receive thereon interest as set forth in R.S.17:10-14 of this
7 chapter.

8 (2) A licensee shall not compound interest by adding any
9 unpaid interest authorized by this section to the unpaid principal
10 balance of the borrower's account; provided, however, the unpaid
11 principal balance may include the additional charges authorized
12 by R.S.17:10-14 and P.L.1962, c.159 (C.17:10-14.1).

13 (3) Interest authorized by this section shall be deemed not to
14 exceed the maximum interest permitted by this chapter if such
15 interest is computed in each billing cycle by any of the following
16 methods:

17 (i) By converting each yearly rate to a daily rate and
18 multiplying such daily rate by the applicable portion of the daily
19 unpaid principal balance of the account, in which case each daily
20 rate is determined by dividing each yearly rate by 365; or

21 (ii) By multiplying one-twelfth of each yearly rate by the
22 applicable portion of the average daily unpaid principal balance
23 of the account in the billing cycle, in which case the average
24 daily unpaid principal balance is the sum of the amount unpaid
25 each day during the cycle divided by the number of days in the
26 cycle; or

27 (iii) By converting each yearly rate to a daily rate and
28 multiplying such daily rate by the applicable portion of the
29 average daily unpaid principal balance of the account in the
30 billing cycle, in which case each daily rate is determined by
31 dividing each yearly rate by 365, and the average daily unpaid
32 principal balance is the sum of the amount unpaid each day during
33 the cycle divided by the number of days in the cycle.

34 (4) For all of the above methods of computation, the billing
35 cycle shall be monthly and the unpaid principal balance on any
36 day shall be determined by adding to any balance unpaid as of the
37 beginning of that day all advances and other permissible amounts
38 charged to the borrower and deducting all payments and other
39 credits made or received that day.

40 c. The borrower may at any time pay all or any part of the
41 unpaid balance in his account; or, if the account is not in default,
42 the borrower may pay the unpaid principal balance in monthly
43 installments, subject to minimum payment requirements set forth
44 in this subsection.

45 Minimum monthly payments shall be in such amount as would
46 result in the full repayment of the initial loan advance, exclusive
47 of any interest, within the maximum term set forth for other
48 loans of the same amount in section 6 of [this amendatory and
49 supplementary act] P.L.1979, c.493 (C.17:10-14.3), except that
50 the minimum payment for any initial advance not exceeding
51 \$2,500 shall be in such amount as would result in full repayment
52 of the initial loan advance within the maximum term of 48
53 months and 15 days set for loans in excess of \$1,000 but not
54 exceeding \$2,500 in subsection b. of section 6 of P.L.1979, c.493

1 (C.17:10-14.3). This minimum payment shall continue at that
2 amount until such time as an additional advance to the borrower
3 is made, other than for permitted charges, at which time the
4 minimum monthly payment shall be determined and shall be in
5 such amount as would result in the full repayment of the unpaid
6 principal balance of the loan, after the advance and including the
7 advance, within the maximum term set forth for the other loans
8 of the same amount, except that if the principal balance of the
9 loan, after the advance and including the advance, does not
10 exceed \$2,500, the minimum payment shall be in such amount as
11 to result in full repayment of the principal balance of the loan
12 within the maximum term of 48 months and 15 days set for loans
13 in excess of \$1,000 but not exceeding ¹[\$2,5000] \$2,500¹ pursuant
14 to subsection b. of section 6 of P.L.1979, c.493 (C.17:10-14.3).
15 Minimum payments after each subsequent advance shall be
16 determined in the same manner. No minimum payment shall
17 exceed the amount required to pay the balance in full, including
18 unpaid interest and charges to date.

19 d. In addition to the interest permitted under subsection b., a
20 licensee may contract for and receive the other charges
21 permitted by this chapter on other loans, subject to all the
22 conditions and restrictions set forth in those sections with the
23 following variations:

24 (1) If credit life, disability or involuntary unemployment
25 insurance is provided and if the insured dies or becomes disabled
26 or involuntarily unemployed when there is an outstanding
27 open-end loan indebtedness, the insurance shall be sufficient to
28 pay the total balance of the loan due on the date of the
29 borrower's death in the case of credit life insurance, all
30 minimum payments which become due on the loan during the
31 covered period of disability in the case of credit disability
32 insurance or all covered minimum payments which become due on
33 the loan during the covered period of involuntary unemployment
34 in the case of involuntary unemployment insurance. The
35 additional charge for credit life insurance, credit disability
36 insurance or credit involuntary unemployment insurance shall be
37 calculated in each billing cycle by applying the current monthly
38 premium rate for such insurance, as the rate may be determined
39 by the Commissioner of Insurance, to the unpaid balances in the
40 borrower's account, using any of the methods specified in
41 subsection b.(3) for the calculation of interest.

42 (2) No credit life, disability or involuntary unemployment
43 insurance written in connection with an open-end loan shall be
44 cancelled by the licensee because of delinquency of the borrower
45 in the making of the required minimum payments on the loan
46 unless one or more of the payments is past due for a period of 90
47 days or more; and the licensee shall advance to the insurer the
48 amounts required to keep the insurance in force during that
49 period, which amounts may be debited to the borrower's account.

50 e. A licensee may take a security interest in personal property
51 to secure an open-end loan. Any security interest may be
52 retained until the open-end account is terminated, provided that
53 if the security interest covers consumer goods, then within one
54 month or within 10 days following written demand by the

1 borrower after there is no outstanding balance in the account and
2 no commitment by the licensee to make advances, the licensee
3 shall release the security interest. If the security interest covers
4 personal property other than consumer goods, whenever there is
5 no outstanding balance in the account and no commitment by the
6 licensee to make advances, the licensee shall within 10 days
7 following written demand by the borrower release the security
8 interest. If a security interest is taken, the open-end loan
9 agreement shall state the nature and extent of such security
10 interest.

11 f. R.S.17:10-15 shall not apply to open-end loans made under
12 this chapter, except that no licensee shall take any confession of
13 judgment or power of attorney in connection with an open-end
14 loan, or take any instrument in which blanks are left to be filled
15 in after the loan is made.

16 g. The record-keeping systems used by licensees for open-end
17 loans shall be reviewed on an individual basis to determine
18 whether the records are adequate for the purposes of
19 R.S.17:10-12.

20 (cf: P.L.1991, c.118, s.3)

21 6. Section 5 of P.L.1981, c.18 (17:11B-5) is amended to read as
22 follows:

23 5. The license fee for each mortgage banker's or mortgage
24 broker's license, and any branch office license, for a 2-year
25 period or any part thereof ending the second June 30 from date of
26 issuance, shall be prescribed by rule or regulation of the
27 commissioner, not to exceed ~~[\$1,000.00]~~ ¹[\$1,000] \$2,000¹. Such
28 license shall run from the date of issuance to the end of the
29 biennial [year] licensing period. When the initial license is issued
30 in the second year of the biennial licensing period, the license fee
31 shall not exceed ~~[\$500.00]~~ ¹[\$500] \$1,000¹.

32 (cf: P.L.1981, c.18, s.5)

33 7. Section 7 of P.L.1981, c.18 (c.17:11B-7) is amended to read
34 as follows:

35 7. A licensed mortgage banker or mortgage broker shall have
36 and maintain a place of business in the State for the transaction
37 of business. A license shall specify the address of the place of
38 business of the mortgage banker or mortgage broker and shall be
39 conspicuously displayed therein. If a mortgage banker or
40 mortgage broker also maintains a branch office or offices, one of
41 the offices will be designated as the principal office [and the
42 department shall, upon application and the payment of a fee of
43 \$250.00, and if the application for the branch office demonstrates
44 that the office is in a suitable location; includes the name and
45 license number of the mortgage banker or mortgage broker in
46 charge; and contains a certification that the office is covered by
47 the bond required by this act, issue a branch office license
48 specifying thereon the address of each branch office, which
49 license shall be conspicuously displayed therein]. Any application
50 for a new branch office shall be submitted in accordance with
51 subsection a. of section 4 of P.L.1981, c.18 (C.17:11B-4). A
52 mortgage banking and mortgage brokerage office or branch
53 thereof shall be operated under the full control and supervision of
54 an individual licensed under this act and employed at the office

1 or branch on a regular and full-time basis to supervise and
2 perform mortgage banking and mortgage brokerage services. No
3 such individual may be in charge of more than one office. In case
4 the address of the principal place of business or of any branch
5 office is changed, the commissioner shall endorse the change of
6 address on the license.

7 (cf: P.L.1981, c.18, s.7)

8 8. Section 26 of P.L.1960, c.40 (C.17:16C-26) is amended to
9 read as follows:

10 26. Every retail installment contract shall provide for the
11 payment of the time balance in substantially equal amounts on
12 dates separated by substantially equal payment-periods; except
13 that the retail seller may defer the initial installment for [a] any
14 period of [60 days or for a period of 180 days on seasonal goods
15 sold out of season] time up to one year from the date of the
16 execution of the retail installment contract; and, provided
17 further, that when appropriate for the purpose of facilitating
18 payment, in accordance with a retail buyer's intermittent
19 income, a contract may provide for payment on a schedule which
20 reduces or omits payments over a period or periods not in excess
21 of 93 days in any 12-month period or a contract may provide an
22 installment schedule which reduces or omits payments over any
23 period or periods of time during which period or periods the retail
24 buyer's income is reduced or suspended. When a retail
25 installment contract provides for unequal or irregular
26 installments, the time price differential shall not exceed the
27 effective rate provided in section 41 of P.L.1960, c.40
28 (C.17:16C-41), having due regard for the schedule of
29 installments. When in any retail installment contract the
30 purchase of goods is combined with the purchase of food, the
31 time balance on which is stated as one amount, that part of the
32 time balance on the sale of goods shall be subject to the
33 provisions of this section, but that part of the time balance on
34 the purchase of food may be payable in a shorter time and added
35 to the equal payment installment on goods.

36 (cf: P.L.1973, c.34, s.1)

37 9. Section 42 of P.L.1960, c.40 (C.17:16C-42) is amended to
38 read as follows:

39 42. (a) The holder of any retail installment contract may
40 collect a delinquency or collection charge for default in the
41 payment of any such contract or any installment thereof, if
42 provided for in the contract when such default shall have
43 continued for a period of 10 days, such charge not to exceed 5%
44 of each installment in default or the sum of \$5.00, whichever is
45 the lesser. Such charge may be collected by the holder of the
46 retail installment contract or charged to the buyer's retail
47 installment contract account. If charged to the buyer's retail
48 installment contract account, such charge shall be made within
49 35 days from the date of such default and then a written
50 notification that such charge has been made shall be mailed to
51 the retail buyer within 5 days from the date when such charge
52 was made.

53 (b) The retail installment contract or retail charge account
54 may provide for the payment of attorney's fees not exceeding

1 20% of the first \$500.00 and 10% on any excess of the amount
2 due and payable under such contract or account when referred to
3 an attorney, not a salaried employee of the holder of the contract
4 or account, for collection.

5 (c) The retail installment contract or retail charge account
6 may provide for a return check fee not to exceed \$20 which the
7 holder of the contract may charge the buyer if a check of the
8 buyer is returned to the holder uncollected due to insufficient
9 funds in the buyer's account.

10 (cf: P.L.1971, c.409, s.13)

11 10. This act shall take effect immediately.

12

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15

16 Makes certain changes with respect to licensed lenders.

1 (b) The retail installment contract or retail charge account
2 may provide for the payment of attorney's fees not exceeding
3 20% of the first \$500.00 and 10% on any excess of the amount
4 due and payable under such contract or account when referred to
5 an attorney, not a salaried employee of the holder of the contract
6 or account, for collection.

7 (c) The retail installment contract or retail charge account
8 may provide for a return check fee not to exceed \$20 which the
9 holder of the contract may charge the buyer if a check of the
10 buyer is returned to the holder uncollected due to insufficient
11 funds in the buyer's account.

12 (cf: P.L.1971, c.409, s.13)

13 10. This act shall take effect immediately.

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16 STATEMENT

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18 This bill provides new procedures for moving consumer loan
19 licensee locations and for applications for mortgage banker
20 branch office locations. With respect to loans made under the
21 "Consumer Loan Act," R.S.17:10-1 et seq., the bill permits the
22 recovery of actual security recording costs, an annual fee of one
23 percent of the line of credit not to exceed \$50 on open-end loans,
24 changes the minimum payment amount on certain open-end loans
25 to an amount that would result in repayment of the loan in 48
26 months and 15 days instead of 36 months and 15 days and
27 authorizes joint credit health and disability insurance on
28 consumer loans. With respect to the "Retail Installment Sales
29 Act of 1960," P.L.1960, c.40 (C.17:16C-1 et seq.), the bill
30 permits the lender to extend first due dates to not more than one
31 year on installment sales contracts and to charge a fee not in
32 excess of \$20 for a check returned for insufficient funds in
33 connection with a retail installment contract or retail charge
34 account.

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Makes certain changes with respect to licensed lenders.

SENATE STATE MANAGEMENT, INVESTMENTS
AND FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

SENATE, No. 1513

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 8, 1994

The Senate State Management, Investments and Financial Institutions Committee reports favorably and with committee amendments Senate Bill No. 1513.

This bill makes various changes with regards to licensed lenders. It provides that whenever a licensee changes a place of business to another location, the licensee shall notify the Commissioner of Banking of the new address and the date such change will be made at least 30 days in advance thereof. It removes the restriction that no change in the place of business of a licensee to a location outside of the original municipality shall be permitted under the same license.

With respect to loans made under the "Consumer Loan Act," R.S.17:10-1 et seq., the bill permits the recovery of actual security recording costs, an annual fee of one percent of the line of credit not to exceed \$50 on open-end loans, changes the minimum payment amount on certain open-end loans to an amount that would result in repayment of the loan in 48 months and 15 days instead of 36 months and 15 days, authorizes joint credit health and disability insurance on consumer loans and increases the biennial license fee from a maximum of \$1,000 to a maximum of \$2,000.

With respect to the "Retail Installment Sales Act of 1960," P.L.1960, c.40 (C.17:16C-1 et seq.), the bill permits the lender to extend first due dates to not more than one year on installment sales contracts and to charge a fee not in excess of \$20 for a check returned for insufficient funds in connection with a retail installment contract or retail charge account.

COMMITTEE AMENDMENTS

The committee amended the bill to increase biennial license fees from a maximum of \$1,000 to a maximum of \$2,000.