

LEGISLATIVE HISTORY CHECKLIST

NJSA: 39:13-8

(Auto body repair shops--establish priority of liens)

LAWS OF: 1989

CHAPTER: 273

Bill No: A3139

Sponsor(s): Martin

Date Introduced: May 9, 1988

Committee: Assembly: Law, Public Safety & Corrections

Senate: Labor

Amended during passage: Yes Amendments during passage denoted by asterisks.

Date of Passage: Assembly: May 15, 1989

Senate: December 18, 1989

Date of Approval: January 8, 1990

Following statements are attached if available:

Sponsor statement: Yes

Committee Statement: Assembly: Yes

Senate: Yes

Fiscal Note: No

Veto Message: No

Message on signing: No

Following were printed:

Reports: No

Hearings: No

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[FIRST REPRINT]  
ASSEMBLY, No. 3139  
STATE OF NEW JERSEY

INTRODUCED MAY 9, 1988

By Assemblymen MARTIN, ZANGARI and Loveys

1 AN ACT concerning certain liens held by auto body repair  
facilities and amending P.L.1987, c.280.

3

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

1. Section 1 of P.L.1987, c.280 (C.39:13-8) is amended to read  
7 as follows:

1. a. When a motor vehicle is repaired by an auto body repair  
9 facility as a result of damage to the vehicle and (1) the damage  
is reimbursable under a policy of insurance under physical damage  
11 coverage, property damage coverage, or comprehensive coverage;  
and (2) the proceeds of the reimbursement are in the form of a  
13 negotiable instrument issued by an insurer which is payable  
jointly to the insured and a lienholder or lessor, the auto body  
15 repair facility shall provide the lienholder or lessor with a  
statement of the repairs which have been made to the vehicle,  
17 which statement shall be attested by an authorized  
representative of the auto body repair facility. The statement  
19 shall constitute proof to the lienholder or lessor that all repairs  
have been made by an auto body repair facility. A color  
21 photograph of the repaired vehicle shall accompany the  
statement.

23 b. In the event that any lienholder or lessor should wish to  
inspect any motor vehicle to which repairs have been made as  
25 provided in subsection a. of this section, the lienholder or lessor  
shall conduct the inspection upon the premises of the auto body  
27 repair facility within seven business days after receipt of the  
notice by certified mail that the repair has been completed. If an  
29 inspection is not made by a lienholder or lessor within the  
seven-day period provided herein, the lienholder or lessor shall  
31 forfeit the right to make an inspection.

33 c. In the event a lienholder or lessor shall sell any motor  
vehicle to which repairs have been made as provided in subsection

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 Assembly ALP committee amendments adopted April 24, 1989.

1 a. of this section prior to the payment or reimbursement of the  
2 auto body repair facility which repaired that motor vehicle,  
3 except for the amounts due that lienholder or lessor under the  
4 provisions of a perfected lien or security interest, the amount due  
5 the auto body repair facility for those repairs shall supersede and  
6 have priority over all other liens or outstanding interests,  
7 including those payable by an insurer to the person who insured  
8 the repaired motor vehicle. In such cases, if the insurer has  
9 received a statement and request demanding payment from the  
10 auto body repair facility, the proceeds, or portion thereof, shall  
11 be directed by the insurer to that auto body repair facility.

12 1d. No lienholder or lessor shall deduct any amount from the  
13 aggregate proceeds of a negotiable instrument that was issued by  
14 an insurer to reimburse an auto body repair facility which,  
15 pursuant to the provisions of subsection a. of this section,  
16 repaired a damaged motor vehicle, but which is payable jointly to  
17 the insured and the lienholder or lessor, for the purpose of paying  
18 any delinquent amounts or outstanding installments that the  
19 insured may owe to the lienholder or lessor for the motor vehicle  
20 that has been repaired, nor shall any lienholder or lessor  
21 unreasonably withhold the endorsement of such instrument or,  
22 following endorsement, refuse to transmit the endorsed  
23 instrument to the insured.<sup>1</sup>

24 For the purposes of this act, "auto body repair facility" shall  
25 mean an auto body repair facility as defined in section 1 of  
26 P.L.1983, c.360 (C.39:13-1).

27 (cf: P.L.1987 c.280, s.1)

28 2. This act shall take effect immediately.

29

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## MOTOR VEHICLES

### Civil Justice

31

32 Establishes priority of liens held by auto body repair facilities in  
33 certain circumstances.  
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35

1 the auto body repair facility which repaired that motor vehicle,  
2 except for the amounts due that lienholder or lessor under the  
3 provisions of a perfected lien or security interest, the amount due  
4 the auto body repair facility for those repairs shall supersede and  
5 have priority over all other liens or outstanding interests,  
6 including those payable by an insurer to the person who insured  
7 the repaired motor vehicle. In such cases, if the insurer has  
8 received a statement and request demanding payment from the  
9 auto body repair facility, the proceeds, or portion thereof, shall  
10 be directed by the insurer to that auto body repair facility.

11 For the purposes of this act, "auto body repair facility" shall  
12 mean an auto body repair facility as defined in section 1 of  
13 P.L. 1983, c. 360 (C. 39:13-1).  
14 (cf: P.L. 1987 c. 280, s. 1)

15 2. This act shall take effect immediately.

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STATEMENT

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20 This bill provides that whenever a lienholder or lessor sells a  
21 motor vehicle that has been repaired by an auto body repair  
22 facility before that facility has been paid or reimbursed for the  
23 work it performed, the lien held by the repair facility for the  
24 amount due for those repairs supersedes and has priority over all  
25 other liens and interests, except for the amounts due the  
26 lienholder or lessor under the provisions of a perfected lien or  
27 security interest.

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MOTOR VEHICLES

31

Civil Justice

32 Establishes priority of liens held by auto body repair facilities in  
33 certain circumstances.

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ASSEMBLY LAW, PUBLIC SAFETY AND CORRECTIONS  
COMMITTEE

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STATEMENT TO

ASSEMBLY, No. 3139

With Assembly committee amendments

STATE OF NEW JERSEY

DATED: APRIL 17, 1989

The Assembly Law, Public Safety and Corrections Committee favorably reports Assembly Bill No. 3139 with committee amendments.

Assembly Bill No. 3139 amends section 1 of P.L.1987, c.280 (C.39:13-8) to provide that whenever a lienholder or lessor sells a motor vehicle that has been repaired by an auto body repair facility before that facility has been paid or reimbursed for the work it performed, the lien held by the repair facility for the amount due for those repairs supersedes and has priority over all other liens and interest, except for the amounts due the lienholder or lessor under the provisions of a perfected lien or security interest.

The Committee, at the sponsor's request, further amended the section to prohibit a lienholder or lessor from deducting an amount from any insurance payment issued to cover the costs of repairing a damaged motor vehicle in order to reimburse itself for any outstanding installments or delinquent amounts that the insured may owe on the repaired vehicle until the auto body repair facility has been paid in full for the services it has performed. The amendment also prohibits a lienholder or lessor from unreasonably withholding its endorsement of any insurance check or from refusing to transmit, to the insured, any such check it has endorsed.

SENATE LABOR, INDUSTRY AND PROFESSIONS COMMITTEE

STATEMENT TO

[FIRST REPRINT]

ASSEMBLY, No. 3139

STATE OF NEW JERSEY

DATED: NOVEMBER 30, 1989

The Senate Labor, Industry and Professions Committee reports favorably Assembly Bill No. 3139 [1R].

This bill amends section 1 of P.L.1987, c.280 (C.39:13-8) to provide that whenever a lienholder or lessor sells a motor vehicle that has been repaired by an auto body repair facility before that facility has been paid or reimbursed for the work it has performed, the lien held by the repair facility for the amount due for those repairs supersedes and has priority over all other liens and interest, except for the amounts due the lienholder or lessor under the provisions of a perfected lien or security interest.

In addition, the bill prohibits a lienholder or lessor from deducting the cost of repairing a damaged motor vehicle from any insurance payment issued to cover the costs of repairing a damaged motor vehicle in order to reimburse itself for any outstanding installments or delinquent amounts that the insured may owe on the repaired vehicle until the auto body repair facility has been paid in full for the services it has performed. The bill also prohibits a lienholder or lessor from unreasonably withholding its endorsement of any insurance check or from refusing to transmit, to the insured, any such check it has endorsed.