

17:16C-1

LEGISLATIVE HISTORY CHECKLIST

(Finance companies and MV dealers--  
increase allowable interest on  
installment sales)

WASA 17:16C-1; 17:16C-40.1; 17:16C-41

LAWS OF 1980

CHAPTER 16

Bill No. A231

Sponsor(s) McManimon

Date Introduced Pre-filed

Committee: Assembly Banking and Insurance

Senate

Amended during passage

Yes

\*\* Amendments during passage  
denoted by asterisks

Date of Passage: Assembly March 10, 1980

Senate March 13, 1980

Date of approval March 24, 1980

Following statements are attached if available:

Sponsor statement	Yes	Xcs
Committee Statement: Assembly	Yes	Xcs
Senate	Xcs	No
Fiscal Note	Xcs	No
Veto message	Xcs	No
Message on signing	Xcs	No
Following were printed:		
Reports	Xcs	No
Hearings	Xcs	No

DO NOT REMOVE FROM LIBRARY  
DEPARTMENT OF REVENUE

2/17/78

1981

## ASSEMBLY, No. 231

# STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1980 SESSION

By Assemblyman McMANIMON

AN ACT concerning retail installment sales and amending P. L. 1961, c. 95, s. 1 and P. L. 1960, c. 40, s. 41.

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

1 1. Section 1 of P. L. 1961, c. 95 (C. 17:16C-40.1) is amended  
2 to read as follows:

3 1. A sales finance company licensed under the provisions of the  
4 "Retail Installment Sales Act" of 1960 (P. L. 1960, c. 40), as  
5 amended and supplemented, or any act replacing or succeeding  
6 thereto which regulates "retail installment sales," may loan to  
7 any one person any sum of money up to a maximum of \$5,000.00  
8 secured by a purchase money security interest to finance the pur-  
9 chase of a passenger motor vehicle not intended to be used for the  
10 transportation of passengers for hire or upon a contract basis.  
11 The principal amount of such loan may be repaid in not more than  
12 36 substantially equal monthly installments. The sales finance  
13 company may charge interest at a rate not exceeding **[\$6.00]** \$8.00  
14 per \$100.00 per year. Such interest shall be computed on the full  
15 amount of such loan for the period from the making of the loan to  
16 the date of maturity of the final installment, and shall be added to  
17 the principal amount of the loan. For the purpose of this act, a  
18 purchase money security interest is hereby defined to be a security  
19 interest taken by a sales finance company, pursuant to the provisions  
20 of chapter 9 of Title 12A of the New Jersey Statutes, in connection  
21 with and as security for an advance of money on behalf of a retail  
22 buyer of a motor vehicle of the motor vehicle dealer in payment  
23 of the unpaid balance of the cash price.

1 2. 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

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

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 classi-  
 8 fications as follows:

9 Class I. New motor vehicles, an amount not to exceed **[\$7.00]**  
 10 ~~\$9.00~~ per \$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  
 13 in which the sale is made, an amount not to exceed \$10.00 per  
 14 \$100.00 per year;

15 Class III. Older used motor vehicles of a model designated by the  
 16 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 exceed  
 20 \$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  
 23 of the contract to the due date of the final installment, notwith-  
 24 standing 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  
 27 8 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  
 29 time price differential so computed is less than \$10.00, and if the  
 30 due date of the last installment of the contract is 8 months or less  
 31 after the date of contract, a charge of not more than \$10.00 may  
 32 be made in lieu of the time price differential.

1 3. This act shall take effect immediately.

---

#### STATEMENT

Some of the most severe economic dislocations produced by the dramatic rise in interest rates during 1979 have been in new car sales. As with home mortgages, the higher cost of money has contracted funds available for loans on new car purchases to the point where many lending institutions are not soliciting and are even turning down loans. Although many loans are underwritten by the finance arms of the "Big Three" auto makers, such financing is not available for many makes. Where local lending sources are unavailable, competitive borrowing opportunities for purchasers are seriously diminished and new car sales are correspondingly inhibited.

A231 (1980)

This bill would improve the availability of financing by raising the maximum interest that can be charged by a sales finance company—including banks and similar lending institutions—from \$6.00 to \$8.00 per \$100.00 per year. This rate has not been changed since 1970.

Similarly, this bill raises from \$7.00 to \$9.00 per \$100.00 per year the rate that may be charged if the loan on a new car is placed by a retailer. This rate was last changed in 1960.

The 1% differential—it had been 2% prior to 1970—is designed to provide for default reserve requirements on the retailer, handling costs and profit.

The maximum rates for used car loans remain unchanged.

After the food industry, new car dealers comprise the largest segment of retail trade in New Jersey. New car dealers are the single largest source of State sales tax. The prime impetus for the variety of products and services sold in a dealership is movement of new cars. This bill will help maintain this vital economic activity.

---

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 231**

with Assembly committee amendments

**STATE OF NEW JERSEY**

DATED: FEBRUARY 21, 1980

This legislation amends P. L. 1961, c. 95 to change the rate which sales finance companies may charge on new cars from \$6.00 per \$100.00 per year to \$8.00 per \$100.00 per year, computed on an add-on basis. The bill also amends P. L. 1960, c. 40 to provide that retail sellers and motor vehicle installment sellers may have the authority to charge \$9.00 per \$100.00 per year on the sale of new cars, also computed on an add-on basis.

Sales finance companies, who are often affiliated with automobile manufacturers (GMAC, for example), are, when they make loans directly, permitted to charge 6% per annum at present; this amounts to an annual percentage rate of 11.08% on a 36 month loan. This legislation would establish a permissible 8% ceiling, amounting to an annual percentage rate of 14.55% on a 36 month loan.

Retail sellers and motor vehicle installment sellers, who customarily originate loans and then sell the paper, are now permitted to charge a rate which is 1% higher than that permitted to the sales finance companies which loan directly. At present, these sellers may charge an add-on rate of 7%, which has an equivalent annual percentage rate of 12.83% on a 36 month loan. This legislation would raise the add-on rate to 9%, which has an equivalent annual percentage rate of 16.24%.

At present, if a bank makes a loan directly to a customer, the permissible rate is 12% for a Class I installment loan. If a bank does not loan directly, but rather buys the paper from the dealer, the higher rate is permitted.

This legislation is designed to make loans on automobile more available by increasing the rate and therefore inducing the lenders to make more funds available for this purpose.

The Assembly Banking and Insurance Committee has amended the legislation to increase the amount which may be financed to \$10,000.00, which applies to both automobiles and retail goods, and has increased the maximum term for sales finance companies to finance automobiles

from 36 months to 48 months. The committee has also amended the legislation to increase the interest rate which retail sellers and motor vehicle installment sellers may charge on used cars which are no more than 2 years old; this equals an annual percentage rate of 19.57% on a 36 month loan.

---

ASSEMBLY COMMITTEE AMENDMENTS TO

ASSEMBLY, No. 231

STATE OF NEW JERSEY

ADOPTED FEBRUARY 21, 1980

Amend page 1, title, lines 1-2, omit "P. L. 1961, c. 95, s. 1 and P. L. 1960, c. 40, s. 41", insert "section 1 of P. L. 1961, c. 95 and sections 1 and 41 of P. L. 1960, c. 40".

Amend page 1, section 1, line 7, omit "\$5,000.00", insert "\$10,000.00".

Amend page 1, section 1, line 12, omit "36", insert "48".

Amend page 1, after section 1, insert new section as follows:

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

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

(a) "Goods" means all chattels personal which are primarily for personal, family or household purposes, including merchandise certificates and coupons to be exchanged for goods or services, having a cash price of **[\$7,500.00]** \$10,000.00 or less, but not including money or other choses in action. Goods shall not include chattels personal sold for commercial or business use.

(b) "Retail installment contract" means any contract, other than a retail charge account or an instrument reflecting a sale pursuant thereto, entered into in this State between a retail seller and a retail buyer evidencing an agreement to pay the retail purchase price of goods or services, which are primarily for personal, family or household purposes, or any part thereof, in two or more installments over a period of time. This term includes a security agreement, chattel mortgage, conditional sales contract, or other similar instrument and any contract for the bailment or leasing of goods by which the bailee or lessee agrees to pay as compensation a sum substantially equivalent to or in excess of the value of the goods, and by which it is agreed that the bailee or lessee is bound to become, or has the option of becoming, the owner of such goods upon full compliance with the terms of such retail installment contract.

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

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

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

(e) "Person" means an individual, partnership, firm, corporation, banking institution, association or any other group of individuals however organized.

(f) "Sales finance company" means and includes any person engaging in this State in the business of acquiring or arranging for the acquisition of retail installment contracts or obligations incurred pursuant to retail charge accounts by purchase, discount, pledge or otherwise from a retail seller which is not wholly owned by or does not wholly own such person, and any person engaging, directly or indirectly, in the business of soliciting the purchase of retail installment contracts or obligations incurred pursuant to retail charge accounts from a retail seller which is not wholly owned by or does not wholly own such person, or in the business of aiding the retail seller in selling, assigning or arranging for the sale or assignment of retail installment contracts or obligations incurred pursuant to retail charge accounts, and any person other than a retail seller who enters into a retail charge account with a retail buyer.

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

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

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

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

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



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

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

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

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

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

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

(r) "Retail charge account" means any account, other than a retail installment contract or a home repair contract which is subject to the "Home Repair Financing Act" (P. L. 1960, c. 41; C. 17:16C-62 et seq.), established by an agreement which prescribes the terms under which a retail buyer may from time to time purchase or lease goods or services which are primarily for personal, family or household purposes, and under which the unpaid balance thereunder, whenever incurred, is payable in one or more installments and under which a time price differential may be added in each billing period as provided herein. Retail charge account also includes all accounts arising out of the utilization by the holder of a credit card, letter of credit or other credit identification issued by a sales finance company, giving the holder the privilege of using the credit card, letter of credit or other credit identification to become a retail buyer in transactions out of which

debt arises: (1) by the sales finance company's payment or agreement to pay the retail buyer's obligations; or (2) by the sales finance company's purchase from the retail seller of the obligations of the user of the credit card, letter of credit or other credit identification as a retail buyer.

(s) "Services" means and includes work, labor and services, professional and otherwise which are primarily for personal, family or household purposes but does not include 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.).

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

(u) Professional services means services rendered or performed by a person authorized by law to practice a recognized profession whose practice is regulated by law and the performance of which services requires knowledge of an advanced type in a field of learning acquired by a prolonged formal course of specialized instruction and study as distinguished from general academic instruction or apprenticeship and training."

Amend page 1, section 2, line 1, omit "2", insert "3".

Amend page 2, section 2, line 13, omit "\$10.00", insert "\$11.00".

Amend page 2, section 3, line 1, omit "3", insert "4".

---

[OFFICIAL COPY REPRINT]  
ASSEMBLY, No. 231

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1980 SESSION

By Assemblyman McMANIMON

AN ACT concerning retail installment sales and amending \***[P. L. 1961, c. 95, s. 1 and P. L. 1960, c. 40, s. 41]**\* *section 1 of P. L. 1961, c. 95 and sections 1 and 41 of P. L. 1960, c. 40\**.

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

1 1. Section 1 of P. L. 1961, c. 95 (C. 17:16C-40.1) is amended  
2 to read as follows:

3 1. A sales finance company licensed under the provisions of the  
4 "Retail Installment Sales Act" of 1960 (P. L. 1960, c. 40), as  
5 amended and supplemented, or any act replacing or succeeding  
6 thereto which regulates "retail installment sales," may loan to  
7 any one person any sum of money up to a maximum of \***[\$5,000.00]**\*  
8 \*\$10,000.00\* secured by a purchase money security interest to fi-  
9 nance the purchase of a passenger motor vehicle not intended to be  
10 used for the transportation of passengers for hire or upon a contract  
11 basis. The principal amount of such loan may be repaid in not more  
12 than \***[36]**\* \*48\* substantially equal monthly installments. The  
13 sales finance company may charge interest at a rate not exceeding  
14 **[\$6.00]** \$8.00 per \$100.00 per year. Such interest shall be computed  
15 on the full amount of such loan for the period from the making of  
16 the loan to the date of maturity of the final installment, and shall  
17 be added to the principal amount of the loan. For the purpose of  
18 this act, a purchase money security interest is hereby defined to be  
19 a security interest taken by a sales finance company, pursuant to the  
20 provisions of chapter 9 of Title 12A of the New Jersey Statutes, in  
21 connection with and as security for an advance of money on behalf  
22 of a retail buyer of a motor vehicle of the motor vehicle dealer in  
23 payment of the unpaid balance of the cash price.

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

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

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]~~ \$10,000.00 or less, but not includ-  
9 ing money or other choses in action. Goods shall not include chattels  
10 personal 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  
15A or household purposes, or any part thereof, in two or more install-  
16 ments over a period of time. This term includes a security  
17 agreement, chattel mortgage, conditional sales contract, or other  
18 similar instrument and any contract for the bailment or leasing of  
19 goods by which the bailee or lessee agrees to pay as compensation  
20 a sum substantially equivalent to or in excess of the value of the  
21 goods, and by which it is agreed that the bailee or lessee is bound to  
22 become, or has the option of becoming, the owner of such goods  
23 upon full compliance with the terms of such retail installment  
24 contract.

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

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

32 (e) "Person" means an individual, partnership, firm, corpora-  
33 tion, banking institution, association or any other group of indi-  
34 viduals however organized.

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

46 assignment of retail installment contracts or obligations incurred  
47 pursuant to retail charge accounts, and any person other than a  
48 retail seller who enters into a retail charge account with a retail  
49 buyer.

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

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

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

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

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

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

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

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

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

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

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

101 (r) "Retail charge account" means any account, other than a  
102 retail installment contract or a home repair contract which is sub-  
103 ject to the "Home Repair Financing Act" (P. L. 1960, c. 41;  
104 C. 17:16C-62 et seq.), established by an agreement which prescribes  
105 the terms under which a retail buyer may from time to time pur-  
106 chase or lease goods or services which are primarily for personal,  
107 family or household purposes, and under which the unpaid balance  
108 thereunder, whenever incurred, is payable in one or more install-  
109 ments and under which a time price differential may be added in  
110 each billing period as provided herein. Retail charge account also  
111 includes all accounts arising out of the utilization by the holder of  
112 a credit card, letter of credit or other credit identification issued  
113 by a sales finance company, giving the holder the privilege of using  
114 the credit card, letter of credit or other credit identification to  
115 become a retail buyer in transactions out of which debt arises:  
116 (1) by the sales finance company's payment or agreement to pay  
117 the retail buyer's obligations; or (2) by the sales finance company's  
118 purchase from the retail seller of the obligations of the user of the  
119 credit card, letter of credit or other credit identification as a retail  
120 buyer.

121 (s) "Services" means and includes work, labor and services,  
122 professional and otherwise which are primarily for personal, fam-  
123 ily or household purposes but does not include services which are  
124 subject to the "Home Repair Financing Act," and insurance  
125 premiums financing which is subject to the "Insurance Premium  
126 Finance Company Act" (P. L. 1968, c. 221; C. 17:16D-1 et seq.).

127 (t) "Billing period" means the time interval between regular  
128 periodic billing statement dates. In the case of monthly billing  
129 periods, such intervals shall be considered equal intervals of time  
130 if the billing date of a billing period does not vary more than 4  
131 days from the billing date of the immediately preceding billing

132 period. In the case of billing periods which are not monthly, the  
 133 permissible variation in billing dates shall be that proportion of  
 134 4 days (adjusted to the nearest whole number) which the number  
 135 of days in the billing period bears to 30.

136 (u) Professional services means services rendered or performed  
 137 by a person authorized by law to practice a recognized profession  
 138 whose practice is regulated by law and the performance of which  
 139 services requires knowledge of an advanced type in a field of learn-  
 140 ing acquired by a prolonged formal course of specialized instruction  
 141 and study as distinguished from general academic instruction or  
 142 apprenticeship and training.\*

1 \***[2.]**\* \*3.\* Section 41 of P. L. 1960, c. 40 (C. 17:16C-41) is  
 2 amended to 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 classi-  
 8 fications as follows:

9 Class I. New motor vehicles, an amount not to exceed **[\$7.00]**  
 10 \$9.00 per \$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  
 13 in which the sale is made, an amount not to exceed **[\$10.00]**\*  
 14 \*\$11.00\* per \$100.00 per year;

15 Class III. Older used motor vehicles of a model designated by the  
 16 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 exceed  
 20 \$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  
 23 of the contract to the due date of the final installment, notwith-  
 24 standing 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  
 27 8 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  
 29 time price differential so computed is less than \$10.00, and if the  
 30 due date of the last installment of the contract is 8 months or less  
 31 after the date of contract, a charge of not more than \$10.00 may  
 32 be made in lieu of the time price differential.

1 **[3.]**\* \*4.\* This act shall take effect immediately.

---

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION:

MARCH 25, 1980

KATHRYN FORSYTH

Governor Brendan Byrne today signed the following bills:

A-231, sponsored by Assemblyman Francis J. McManimon (D-Mercer) which raises the maximum amount of interest which may be charged in connection with the financing of automobiles.

Under the bill, sales finance companies may charge up to \$8 per \$100 per year on loans up to \$10,000 for up to 48 months. Prior law provided for maximums of \$6 per \$100 per year, \$5,000 and 36 months respectively. This rate, compounded, amounted to an annual percentage rate of 11.08% on a 36 month loan. The new maximum percentage rate, compounded, would be 14.55% on a 36 month loan.

The bill also increases the rate which may be charged by automobile retail sellers from \$7 to \$9 per \$100 for new cars and from \$10 to \$11 per \$100 for used cars up to two years old. Compounded, the new interest rates would increase from 12.83% to 16.24% and from 17.92% to 19.57% respectively.

A-1297, sponsored by Assemblyman Joseph V. Doria, Jr. (D-Hudson) which gives municipalities the option of holding their municipal budget referendums on either April 8 or April 9 for 1980.

A recently enacted law permitted municipalities to hold the municipal budget referendums on April 8 as part of the general plan to extend municipal budget deadlines for this year. However, since April 8 is the last day of Passover, this legislation was introduced to give municipalities the option of holding the referendum vote of the following date.

S-1063, sponsored by Senator Carmen A. Orchio (D-Essex) which amends an August, 1979 law authorizing the Cedar Grove Board of Education to sell certain unused school property not needed for school purposes to the Cedar Grove Senior Citizen Housing Association at a private sale for less than fair market value.

The Cedar Grove Senior Citizen Housing Association is a private, non-profit corporation which plans to develop the land for senior citizen housing.

The bill amends the 1979 law to: permit financing of the project to be secured from the Department of Housing and Urban Development (HUD) rather than from the New Jersey Housing Finance Agency; include a reverter clause if the property is not developed into senior citizen housing within the next ten years; and revise the description of the property to make it more precise.