

39:10-19

LEGISLATIVE HISTORY CHECKLIST
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"Consumer Protection Leasing Act"

NJSA: 39:10-19

LAWS OF: 1994 CHAPTER: 190

BILL NO: A2277

SPONSOR(S): Moran and Impreveduto

DATE INTRODUCED: November 14, 1994

COMMITTEE: ASSEMBLY: Commerce

SENATE: ---

AMENDED DURING PASSAGE: Yes Amendments during passage
Second reprint enacted denoted by superscript numbers

DATE OF PASSAGE: ASSEMBLY: December 5, 1994

SENATE: December 19, 1994

DATE OF APPROVAL: December 23, 1994

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

See newspaper clipping--attached:

"Car lease bill signed," 12-24-94, Trenton Times.

"Vicious dog...car-leasing..." 12-24-94, Asbury Park Press.

KBG:pp

[SECOND REPRINT]
ASSEMBLY, No. 2277

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 14, 1994

By Assemblymen MORAN and IMPREVEDUTO

1 AN ACT establishing standards for certain motor vehicle leases,
2 amending R.S.39:10-19 ²and R.S.39:10-20², supplementing
3 P.L.1960, c.39 (C.56:8-1 et seq.), and repealing P.L.1993, c.328
4 (C.56:12-50 et seq.).
5

6 BE IT ENACTED by the Senate and General Assembly of the
7 State of New Jersey:

8 1. (New section) ²[This] Sections 1 through 8 and sections 11
9 through 15 of this² act shall be known and may be cited as the
10 "Consumer Protection Leasing Act."

11 2. (New section) As used in ²sections 1 through 8 and sections
12 11 through 14 of² this act:

13 ²"Adjusted capitalized cost" means the agreed upon amount
14 which serves as the basis for determining the periodic lease
15 payment and a portion of the lessee's early termination liability,
16 computed by subtracting from the gross capitalized cost any
17 capitalized cost reduction.²

18 "Business day" means every day other than a Saturday, a
19 Sunday, or a day on which State-chartered banks in New Jersey
20 are required to be closed.

21 ¹["Dealer" means a person who, in the ordinary course of
22 business, is engaged in the leasing of motor vehicles or who in the
23 course of any 12-month period offers more than three motor
24 vehicles for lease. The term "dealer" shall not include a person
25 to whom a lease is assigned by a dealer.]¹

26 ²[¹"Capitalized cost" means the price paid by the lessor for
27 the vehicle plus optional equipment, taxes, title, license fees,
28 lease acquisition fees and any insurance or warranty charges.¹²

29 ²"Capitalized cost reduction" means any payment made by
30 cash, check, rebates or similar means that are in the nature of
31 down payments made by the lessee and any net trade-in
32 allowance granted by the lessor at the inception of the lease for
33 the purpose of reducing the gross capitalized cost but does not
34 include any periodic lease payments due at the inception of the
35 lease or all of the periodic lease payments if they are paid at the
36 inception of the lease.²

37 "Director" means the Director of the Division of Consumer
38 Affairs in the Department of Law and Public Safety.

39 "Division" means the Division of Consumer Affairs in the
40 Department of Law and Public Safety.

41 "Fleet lease" means a contract or other agreement between a
42 lessor and a lessee entered into after the effective date of this

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 ACP committee amendments adopted November 14, 1994.

² Assembly floor amendments adopted December 1, 1994.

1 act ²[for the use ¹[or contemplated use]¹ of more than ¹[five]
2 one¹ motor ¹[vehicles at the same time by the lessee and]
3 vehicle,¹] and² in which the vehicles are to be used primarily for
4 business or commercial purposes ²[¹, and where the contract
5 states the lessee's option to lease more than one motor vehicle
6 under the terms of the lease¹] that is either: a written
7 agreement for the use of at least two vehicles that includes an
8 agreement for an option to use at least one additional motor
9 vehicle; or a written agreement for the lease of five or more
10 vehicles².

11 ²"Gross capitalized cost" means the amount, which, when
12 reduced by the amount of the capitalized cost reduction, equals
13 the adjusted capitalized cost. The gross capitalized cost shall
14 include, the cost of the vehicle and, without limitation, taxes,
15 registration, license, acquisition, assignment and other fees and
16 charges for insurance, for a waiver of the contractual obligation
17 to pay certain liability in the event the motor vehicle is damaged,
18 stolen or otherwise lost, for accessories and their installation, for
19 delivering, serving, repairing or improving the motor vehicle and
20 for other services and benefits incidental to the lease. It may
21 also include, with respect to a vehicle or other property traded-in
22 in connection with a lease, the unpaid balance of any amount
23 financed under an outstanding vehicle loan agreement or vehicle
24 retail installment contract or the unpaid portion of the early
25 termination obligation under any other obligation of the lessee.²

26 "Lease" means a contract or other agreement between a lessor
27 and a lessee, other than a fleet lease, entered into after the
28 effective date of this act for the use of a motor vehicle by the
29 lessee for a period of time exceeding 120 days, whether or not
30 the lessee has the option to purchase or otherwise become the
31 owner of the motor vehicle at the expiration of the lease. ²A
32 lease shall not be deemed to be a retail installment contract, as
33 defined in subsection (b) of section 1 of P.L.1960, c.40
34 (C.17:16C-1), unless the lessee, for no or for a nominal
35 consideration, becomes the owner, or has the option of becoming
36 the owner, of the motor vehicle at the end of the term of the
37 lease.²

38 ¹"Leasing dealer" means a person who, in the ordinary course
39 of business, ²[is engaged in the leasing of motor vehicles] offers
40 or enters into motor vehicle leases² or who in the course of any
41 12-month period offers ²or enters into² more than three motor
42 ²[vehicles for lease] vehicle leases². The term "leasing dealer"
43 shall not include a person to whom a lease is assigned by a leasing
44 dealer.¹

45 "Lessee" means a person who leases a motor vehicle under a
46 lease.

47 "Lessor" means a ¹leasing¹ dealer who holds title to a motor
48 vehicle leased to a lessee under a lease or a ¹leasing¹ dealer who
49 holds the lessor's rights under the lease or a person to whom a
50 lease is assigned.

51 "Motor vehicle" or "vehicle" means a motor vehicle as defined
52 in R.S.39:1-1, except the living facilities of motor homes.

53 "Purchase option price" means total cost to the ¹[consumer]
54 lessee¹, excluding sales tax, to purchase the motor vehicle at the
55 end of the lease term.

1 "Residual value" means the projected ¹fair market¹ value of
2 the motor vehicle at the end of the lease term.

3 3. (New section) Every lease:

4 a. Shall be in writing and contain all of the terms and
5 conditions of the lease agreement between the lessor and the
6 lessee and shall be signed by the ¹[dealer] lessor¹ and lessee;

7 b. Shall state the names and addresses of all parties, and the
8 phone number of the ¹leasing¹ dealer. If the dealer knows the
9 identity of the party to whom the ¹leasing¹ dealer intends to
10 assign the lease, the dealer shall include in the lease the name,
11 address and telephone number of the assignee. If the ¹leasing¹
12 dealer does not include the name, address and telephone number
13 of the assignee in the lease, the dealer or the assignee shall,
14 promptly upon assignment, mail or personally deliver to the
15 lessee the name, address and telephone number of the assignee;

16 c. Shall state the dates when the lease is executed by the
17 parties;

18 d. Shall identify the lease with the term "lease" in 14-point
19 bold type ²and shall be in a style and format to be determined by
20 the director by regulation²;

21 e. Shall be completed in full without any blank spaces to be
22 filled in after the lease is signed by the lessee;

23 f. Shall specify the periodic basis or intervals when the lease
24 payments shall be payable;

25 g. Shall provide the following information concerning the
26 conditions of the lease:

27 (1) Whether or not the lessee has the option to purchase the
28 motor vehicle at the end of the lease term, and if so, either:

29 (a) the purchase option price, or

30 (b) the method for ascertaining the purchase option price. If
31 the lease includes a method for determining the purchase option
32 price, and that method is based upon an amount set forth in a
33 publication, the identity of the publication and the classification
34 contained within the publication to be used, shall be included. If
35 the publication ceases to exist, the lessor shall immediately
36 notify the lessee of that fact and inform the lessee of the
37 identity of the comparable publication which will be utilized to
38 ascertain the purchase option price. If a method for ascertaining
39 the purchase option price not set forth in a publication is included
40 in the lease, the lease shall set forth a good faith estimate of the
41 amount, using that method;

42 (2) The total amount of all payments required at the inception
43 of the lease term, including any refundable security deposit ¹,
44 any trade-in allowance¹ and any nonrefundable payment such as a
45 down payment or capitalized cost reduction, required at the
46 beginning of the lease, or a statement that no payment is
47 required at the beginning of the lease;

48 (3) The number of periodic payments to be paid during the
49 term of the lease and the amount of each payment;

50 (4) A description of the standards to be used by the lessor in
51 determining excessive wear or damage, and any liability the lease
52 imposes upon the lessee at the end of the term of the lease,
53 including any liability which may be imposed upon the lessee
54 because of excessive wear or damage of the motor vehicle and

1 any disposition costs imposed upon the lessee;

2 (5) (a) ²[The] If the lease contains a purchase option, the²
3 total cost of the lease, assuming there is no default ²and that the
4 lessee exercises the purchase option at the end of the term of the
5 lease² , which shall be the sum of: (i) the total amount of all
6 payments required at the ¹[beginning] ²[consummation¹]
7 beginning² of the lease; (ii) the total amount to be paid in
8 periodic payments during the term of the lease; (iii) the amount
9 of any ¹[ascertainable]¹ liability the lease imposes upon the
10 lessee at the end of the term of the lease; and (iv) the purchase
11 option price.

12 (b) ²[Where the purchase option price is not set forth in the
13 lease] If the lease does not contain a purchase option or if the
14 purchase option price is not set forth in the lease,² the total
15 fixed cost of the lease ², which² shall be the sum of (i), (ii) and
16 (iii) of subparagraph (a) of this paragraph.

17 ²(c)² For purposes of calculating the total cost ²of the lease
18 under subparagraph (a) of this paragraph² or ²the² total fixed
19 cost of the lease ²under subparagraph (b) of this paragraph² , the
20 amount of the refundable security deposit and insurance shall be
21 excluded:

22 (6) The formula which shall be used by the lessor to calculate
23 the total liability of the lessee if the lease is terminated by the
24 lessee ²[at any time prior to the end of the term of the lease.
25 The formula shall identify the particular payment allocation
26 method used to determine the lease charge and depreciation
27 portions of each periodic rental charge for purposes of
28 calculating the early termination charge, together with a brief
29 narrative description of the manner in which that method is used
30 to determine the total cost to the lessee upon early termination]²;

31 (7) The residual value of the vehicle;

32 (8) The total number of miles or the number of miles per
33 month or year which the vehicle may be driven without additional
34 charge as permitted under the terms of the lease, and the charge
35 per mile for the miles driven in excess of that permissible
36 mileage;

37 (9) The liability of the lessee in the event the motor vehicle is
38 damaged, stolen or otherwise lost. In the event the motor vehicle
39 is damaged, stolen or lost and is deemed a total loss by the
40 insurance company, and the lease contains a provision whereby
41 the difference between the insurance proceeds and the amount
42 due under the terms of the lease shall be waived if the lessor
43 receives the insurance proceeds and if the lessee has otherwise
44 complied with all other promises contained in the lease
45 (including, where applicable, the requirement that the lessee pay
46 the deductible under any insurance coverage), the lease shall
47 disclose that the lessee shall have no further liability. Otherwise,
48 the lease shall disclose the option on the part of the lessee to
49 purchase from the lessor or from a third party, either insurance
50 or damage waivers, if available, to indemnify him for the
51 difference between the insurance proceeds and the amount due
52 under the terms of the lease: ¹[and]

53 (10) The ²gross² capitalized cost of the vehicle ²[if it is in
54 excess of] , the capitalized cost reduction and the adjusted

1 capitalized cost when the cost of the vehicle for the purpose of
2 calculating the gross capitalized cost exceeds² the
3 manufacturer's suggested retail price; and¹

4 h. Shall provide the following information concerning the
5 motor vehicle to be leased:

6 (1) If the odometer reads in excess of 1,000 miles, an
7 explanation of the prior use of the motor vehicle using the
8 following terms, as applicable: personal, family or household,²
9 demonstrator, livery, daily rental, police, prior wreckage,
10 unknown; provided that the lessor may insert "unknown" only if
11 ²[, in the exercise of reasonable diligence,]² the lessor does not
12 know ²[or could not reasonably determine]² the prior use of the
13 motor vehicle;

14 (2) The odometer reading at the beginning of the lease term;

15 (3) The make, model, and year;

16 (4) The number of engine cylinders;

17 (5) Whether the transmission is automatic or manual;

18 (6) Whether the brakes and steering mechanism are power
19 assisted or manual;

20 (7) Whether or not the vehicle is air conditioned;

21 (8) The vehicle identification number of the vehicle; and

22 (9) If the vehicle is required to have a Monroney label, the
23 manufacturer's suggested retail price as set forth on the
24 Monroney label.

25 4. (New section) The disclosures required by subsections g.
26 and h. of section 3 of this act may be made in the lease or in an
27 addendum to the lease. If the required disclosures are made in an
28 addendum to the lease, the addendum shall refer to the lease, and
29 shall be separately signed by the lessee prior to signing the
30 lease¹.

31 5. (New section) ¹[a.]¹ Compliance with the requirements of
32 the federal ¹[Consumer Leasing Act,] "Consumer Leasing Act of
33 1976."¹ Pub. L. 94-240 (15 U.S.C. §1601¹[,]¹ et al.) and Federal
34 Reserve Board Regulation M, 12 CFR §213, to the extent that
35 they are substantially similar to the requirements of this act, as
36 the same may be amended from time to time, shall constitute
37 compliance with subsections f. and g. of section 3 of this act.

38 ¹[b. A violation of the federal Consumer Leasing Act,
39 Pub.L.94-240 (15 U.S.C. §1601, et al.) or Federal Reserve Board
40 Regulation M, 12 CFR §213, as the same may be amended from
41 time to time, shall be deemed a violation of this act.]¹

42 6. (New section) ²a.² If a lessee is 15 days or more in default
43 of the periodic payments due on the lease and the lessor wishes to
44 declare a default and cancel or terminate the lease, the lessor
45 shall personally deliver to the lessee or send by first class,
46 certified mail at the lessee's last known address as shown on the
47 records of the lessor, a notice of cancellation. A lessee who is in
48 default under a lease solely for failure to make a payment
49 required by the lease shall have the right to reinstate the lease,
50 subject to the provisions of this section. If the lessee has the
51 right to reinstate the lease, the notice of cancellation shall
52 provide that the lessee has 15 days to reinstate the lease by
53 paying all past due periodic payments, late fees and other
54 amounts due under the lease, and, if the motor vehicle has been

1 repossessed, the cost to the lessor of repossessing, storing and
2 transporting the motor vehicle. Such costs may include a
3 reasonable attorney's fee and court costs, if actually incurred by
4 the lessor and if provided for in the lease. Upon payment within
5 the 15-day period to the lessor of the amounts due, the lessor
6 shall reinstate the lease as if the lessee had not been in default of
7 payment. The lessor shall not be required to reinstate a lease
8 more than once during the term of the lease. The lessee has no
9 right to reinstatement if the default is for any reason other than
10 or in addition to the failure to make a payment required by the
11 lease.

12 2b. In the event of the death of a lessee before the expiration
13 of a lease, there shall be no default if the lessee's surviving
14 spouse continues to make payments to the lessor in accordance
15 with the terms of the lease notwithstanding the death of the
16 lessee.²

17 7. (New section) a. Where the lessee is liable ²[at early
18 termination or]² at the end of the lease term for charges for
19 excessive wear and damage to the motor vehicle, the lease (or
20 the addendum) shall contain a statement that the lessee may
21 obtain at the end of the lease term ²[or at early termination]² ,
22 at the lessee's expense, a professional appraisal of the amount
23 required to repair or replace parts ²or the amount which the
24 excessive wear and damage reduces the value of the vehicle².
25 This professional appraisal shall be performed by an independent
26 third party agreed to by the lessee and the lessor, which appraisal
27 shall be final and binding on the parties.

28 b. Within 10 business days of the return of the motor vehicle
29 to the lessor, the lessor shall mail or deliver to the lessee an
30 invoice for amounts claimed by the lessor for excess wear and
31 damage. The invoice shall contain in 10 point bold face type a
32 notice of the lessee's right under subsection a. of this section to
33 obtain an independent appraisal of excess wear and damage. The
34 notice shall also provide that: (i) the lessor must be advised in
35 writing within seven business days following the earlier of the
36 date of the mailing or delivery of the invoice if the lessee elects
37 to obtain an independent appraisal; (ii) any such appraisal must be
38 conducted within ten business days following the date that the
39 lessor is notified of the lessee's election; and (iii) that if the
40 lessee fails to notify the lessor within the time allotted that the
41 lessee has elected an independent appraisal, the lessor's invoice
42 will be deemed to be final and binding on the parties.

43 c. Within 15 business days after the lessee's obligations under
44 the lease have been determined and satisfied, which shall include
45 but not be limited to, the lessee's liability for excess wear and
46 damage under this section, the lessor shall credit to the lessee's
47 account or mail to the lessee any refund of any security deposit
48 due to the lessee.

49 d. Nothing in this section shall limit the lessee's obligation for
50 any charge for excess mileage as provided in the lease.

51 8. (New section) a. No ¹leasing¹ dealer may permit a
52 prospective lessee to take possession of a motor vehicle subject
53 to a lease if such lease is contingent upon the approval of the
54 lessee's credit unless the lessee is provided with, and

1 acknowledges receipt of a notice on a separate page from any
2 other notice, term or condition of the lease, which provides
3 substantially the following: NOTICE: YOUR LEASE IS SUBJECT
4 TO CREDIT APPROVAL. IF YOUR CREDIT IS NOT APPROVED
5 YOU MUST RETURN THE VEHICLE. The notice may contain
6 the name, address, phone number and logo of the ¹leasing¹
7 dealer, and shall contain an acknowledgement by the lessee of the
8 receipt of the notice.

9 b. ²(1) No lease shall bind a lessee or lessor unless both the
10 lessee and lessor have had one business day to review the lease
11 contract before the signing of the contract.

12 (2) No leasing dealer may permit a prospective lessee to take
13 possession of a motor vehicle subject to a lease unless the lessee
14 is provided with a conspicuous notice which provides substantially
15 the following: NOTICE: THE LESSEE AND THE LESSOR SHALL
16 BE ENTITLED TO REVIEW THE CONTRACT FOR ONE
17 BUSINESS DAY BEFORE SIGNING THE CONTRACT
18 IMMEDIATELY ADJACENT TO THE SIGNATURE LINE OF THE
19 CONTRACT.

20 c. ²The ¹leasing¹ dealer shall complete the credit check of the
21 prospective lessee within ²[15] ⁵² business days of both the
22 ²leasing² dealer and lessee signing the lease.

23 9. R.S.39:10-19 is amended to read as follows:

24 39:10-19. No person shall engage in the business of buying,
25 selling or dealing in motor vehicles in this State, nor shall a
26 person engage in ²[leasing]² activity ²[subject to the provisions
27 of] that would qualify the person as a leasing dealer, as defined in
28 section 2 of² P.L. , c. (C.) (pending before the Legislature
29 as this bill), unless he is authorized to do so under the provisions
30 of this chapter. The director may, upon application in such form
31 as he prescribes, license any proper person as such dealer or
32 ¹[lessor] leasing dealer ²[as defined in section 2 of P.L. , c.
33 (C.) (pending before the Legislature as this bill)]¹². No person
34 who has been convicted of a crime, arising out of fraud or
35 misrepresentation in the sale , leasing or financing of a motor
36 vehicle, shall be eligible to receive a license [and each] . Each
37 applicant for a license shall at the time such license is issued
38 have established and maintained. or by said application shall
39 agree to establish and maintain, within 90 days after the issuance
40 thereof, a place of business consisting of a permanent building
41 not less than 1,000 square feet in floor space located in the State
42 of New Jersey to be used principally for the servicing and display
43 of motor vehicles with such equipment installed therein as shall
44 be requisite for the servicing of motor vehicles in such manner as
45 to make them comply with the laws of this State and with any
46 rules and regulations made by the director of motor vehicles
47 governing the equipment, use and operation of motor vehicles
48 within the State. However, a ¹[lessor] leasing dealer¹ ²[, as
49 defined in section 2 of P.L. , c. (C.) (pending before the
50 Legislature as this bill)]² , who is not engaged in the business of
51 buying, selling or dealing in motor vehicles in the State, shall not
52 be required to maintain a place of business with floor space
53 available for the servicing or display of motor vehicles or to have
54 an exterior sign at the lessor's place of business. A license fee

1 of ~~[\$100.00]~~ \$100 shall be paid by an applicant upon his initial
2 application for a license. The director may renew an applicant's
3 license from year to year, upon application for renewal on a form
4 prescribed by the director and accompanied each year by a
5 renewal fee of ~~[\$100.00]~~ \$100. Every license shall expire on
6 March 31 of each year terminating the period for which it is
7 issued. On and after February 1 of each year the director shall
8 issue licenses for the following yearly period to expire on March
9 31 of the following year.

10 ²For the purposes of this section, a leasing dealer or an
11 assignee of a leasing dealer whose leasing activities are limited
12 to buying motor vehicles for the purpose of leasing them and
13 selling motor vehicles at the termination of a lease shall not be
14 deemed to be engaged in the business of buying, selling or dealing
15 in motor vehicles in this State.²

16 (cf: P.L.1963, c.34, s.5)

17 10. R.S.39:10-20 is amended to read as follows:

18 39:10-20. The director may suspend for a period less than the
19 unexpired term of a license or revoke a license, after hearing, for
20 a violation of any provision of this chapter or upon the final
21 conviction of the licensee of a crime, arising out of fraud or
22 misrepresentation in the sale, leasing or financing of a motor
23 vehicle, or upon proof of the failure of a licensee to make
24 payment of the amount of any final judgment, rendered by a
25 court of competent jurisdiction against such licensee and founded
26 upon a claim arising out of fraud or misrepresentation in the sale
27 or leasing of a motor vehicle, within 90 days after the same is
28 finally entered, or for final conviction of the licensee for
29 violating any provision of chapter 171 of Title 2A or of any
30 supplement thereof (Observance of Sabbath Days). The clerk of
31 the court in which any conviction is rendered, or the court where
32 it has no clerk, shall forward to the director, immediately upon
33 the entry thereof, a certified copy of the conviction or a
34 transcript thereof. The clerk of the court in which any judgment
35 founded upon fraud or misrepresentation is rendered, or the court
36 where it has no clerk, shall forward to the director, immediately
37 after the expiration of the 90 days, a certified copy of the
38 judgment, or a transcript thereof, showing it to have been
39 unsatisfied more than 90 days after it became final. The director
40 shall, before suspending or revoking the license, and at least 10
41 days prior to the date set for the hearing, notify the holder of the
42 license, in writing, of any charges made, and shall afford him an
43 opportunity to be heard in person or by counsel. The written
44 notice may be served either personally or by registered mail
45 addressed to the last-known address of the licensee. The director
46 may subpoena and bring before him any person in this State, or
47 take testimony by deposition, in the same manner as prescribed
48 by law in judicial proceedings in the courts of this State, and shall
49 also issue and deliver to the dealer such subpoenas as are
50 requested by him. The Appellate Division of the Superior Court
51 shall have power to review, by an appeal in lieu of prerogative
52 writ taken by an aggrieved person, a final determination of the
53 director.

54 (cf: P.L.1955, c.253, s.1)

1 ²11. (New section) The director shall implement a consumer
2 awareness program which shall advise consumers of the
3 requirements, protections and benefits provided by this act.²

4 ²[11.] 12.² (New section) The director shall promulgate rules
5 and regulations pursuant to the "Administrative Procedure Act,"
6 P.L.1968, c.410 (C.52:14B-1 et seq.) as may be needed to
7 effectuate the purposes of this act.

8 ²[12.] 13.² P.L.1993, c.328 (C.56:12-50 et seq.) is repealed.

9 ²[¹13.] 14.²(New section) It is an unlawful practice and a
10 violation of P.L.1960, c.39 (C.56:8-1 et seq.) to violate any
11 provision of this act.¹

12 ¹[13.] ²[¹14.] 15.² This act shall take effect on the 180th day
13 following enactment ¹, except that sections 11 and 12 of this act
14 shall take effect immediately¹.

15

16

17

18

19 "Consumer Protection Leasing Act."

1 notice may be served either personally or by registered mail
2 addressed to the last-known address of the licensee. The director
3 may subpoena and bring before him any person in this State, or
4 take testimony by deposition, in the same manner as prescribed
5 by law in judicial proceedings in the courts of this State, and shall
6 also issue and deliver to the dealer such subpoenas as are
7 requested by him. The Appellate Division of the Superior Court
8 shall have power to review, by an appeal in lieu of prerogative
9 writ taken by an aggrieved person, a final determination of the
10 director.

11 (cf: P.L.1955, c.253, s.1)

12 11. (New section) The director shall promulgate rules and
13 regulations pursuant to the "Administrative Procedure Act,"
14 P.L.1968, c.410 (C.52:14B-1 et seq.) as may be needed to
15 effectuate the purposes of this act.

16 12. P.L.1993, c.328 (C.56:12-50 et seq.) is repealed.

17 13. This act shall take effect on the 180th day following
18 enactment.

19

20

21 SPONSORS' STATEMENT

22

23 This bill establishes standards regarding motor vehicle leases
24 exceeding 120 days, which includes disclosure requirements. The
25 bill supplements the Consumer Fraud Act. In addition, the bill
26 repeals P.L.1993, c.328 (C.56:12-50 et seq.), which is known as
27 the "Truth in Motor Vehicles Leasing Act."

28

29

30

31

32 "Consumer Protection Leasing Act."

ASSEMBLY COMMERCE AND REGULATED
PROFESSIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2277

with committee amendments

STATE OF NEW JERSEY

DATED: NOVEMBER 14, 1994

The Assembly Commerce and Regulated Professions Committee reports favorably Assembly, No. 2277 with amendments.

This bill, as amended by the committee, sets standards regarding motor vehicle leases exceeding 120 days, other than leases involving the living facilities of motor homes. It includes requirements that each lease:

1. Be in writing and contain the entire agreement between the lessor and the lessee and be signed by the lessor and lessee;
2. Be completed in full without any blank spaces to be filled in after the lease is signed by the lessee;
3. Specify the periodic basis or intervals when the lease payments shall be payable; and
4. Disclose the following:
 - a. whether the lessee has the option to purchase the motor vehicle at the end of the lease term, and if so, either the purchase option price or the method for ascertaining that price;
 - b. the total cost of the lease, including the sum of the amount of all payments required at the consummation of the lease, the amount to be paid in periodic payments during the term of the lease, the amount of any liability the lease imposes upon the lessee at the end of the term of the lease and the purchase option price;
 - c. the amount of any liability the lease imposes upon the lessee at the end of the lease, including a description of the standards which may be imposed on the lessee because of excessive wear or damage of the motor vehicle and any disposition costs imposed upon the lessee;
 - d. the residual value of the motor vehicle;
 - e. the formula that will be used by the lessor to calculate the total cost to the lessee if the lease is terminated by the lessee at any time prior to the end of the term of the lease;
 - f. the number of miles per year that the leased motor vehicle may be driven without additional charge and the charge per mile if the lessee exceeds that limit;
 - g. the liability of the lessee if the leased motor vehicle is damaged, stolen or lost and the option of the lessee to purchase insurance to cover the difference between the residual value of the vehicle and the amount due under the lease in that event;
 - h. an explanation of the previous use made of the motor vehicle if the odometer reads in excess of 1,000 miles; the odometer reading at the beginning of the lease term; the model, year, make, and certain equipment of the motor vehicle; and, if the vehicle is required to have a Monroney label, the manufacturer's suggested retail price; and
 - i. the capitalized cost of the motor vehicle if it is in excess of the manufacturer's suggested retail price.

The bill also amends R.S.39:10-19 to provide that no person engaged in leasing activity who is subject to the provisions of this bill shall do so unless licensed by the Director of the Division of Motor Vehicles. It further states that a leasing dealer shall not be required to maintain a place of business with floor space available for the servicing or display of motor vehicles or to have an exterior sign at the lessor's place of business.

This bill supplements the consumer fraud act, and the Division of Consumer Affairs will enforce its provisions. The bill also provides that it is an unlawful practice and a violation of the Consumer Fraud Act to violate any provision of the bill. The Consumer Fraud Act provides a penalty of not more than \$7,500 for a first violation and not more than \$15,000 for a subsequent violation, and provides injunctive relief, triple damages, and restitution.

This bill repeals P.L.1993, c.328 (C.56:12-50 et seq.), which is known as the "Truth in Motor Vehicles Leasing Act."

The committee amended the bill to:

1. require the disclosure of the capitalized cost of the vehicle when it is in excess of the manufacturer's suggested retail price;
2. remove the provision in the bill that makes a violation of federal law a violation of the bill;
3. specifically states in the bill that it is an unlawful practice and a violation of the Consumer Fraud Act to violate any provision of the bill;
4. change the definition of fleet lease to mean a contract for the use of more than one motor vehicle, instead of for the use of more than five motor vehicles, and to mean a contract which states the lessee's option to lease more than one motor vehicle;
5. require that the lease mention any trade in allowance;
6. require that if certain disclosures are made in an addendum to the lease, that the addendum be signed prior to the signing of the lease; and
7. provide that the section of the bill giving the Director of the Division of Consumer Affairs the authority to promulgate rules and regulations in order to effectuate the purposes of this bill and the section repealing P.L.1993, c.328 shall take effect immediately while the remaining sections of the bill shall take effect on the 180th day after enactment.