

ASSEMBLY SUBSTITUTE FOR
ASSEMBLY, No. 4033

STATE OF NEW JERSEY
216th LEGISLATURE

ADOPTED FEBRUARY 23, 2015

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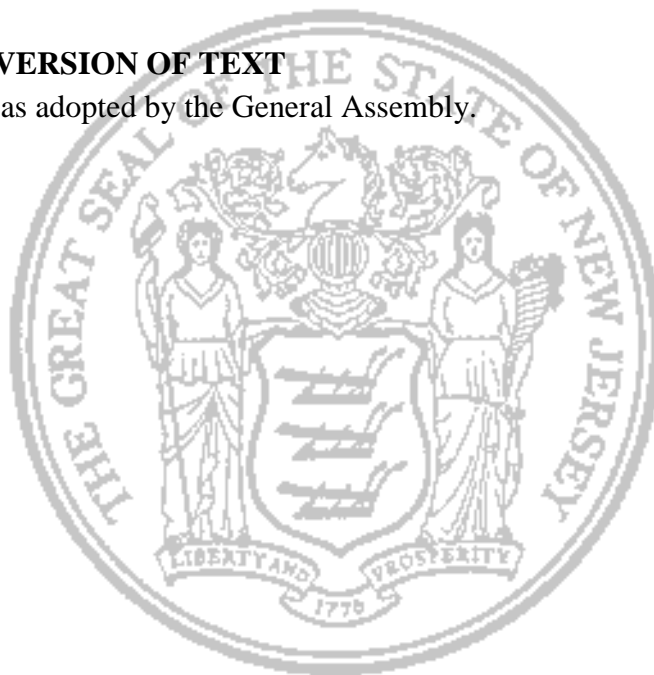
Assemblyman PAUL D. MORIARTY
District 4 (Camden and Gloucester)
Assemblyman ANGEL FUENTES
District 5 (Camden and Gloucester)
Assemblyman CRAIG J. COUGHLIN
District 19 (Middlesex)
Assemblyman GILBERT "WHIP" L. WILSON
District 5 (Camden and Gloucester)
Assemblyman RAJ MUKHERJI
District 33 (Hudson)

SYNOPSIS

Regulates use of motor vehicle payment assurance devices.

CURRENT VERSION OF TEXT

Substitute as adopted by the General Assembly.



1 AN ACT concerning motor vehicle payment assurance devices and
2 supplementing P.L.1960, c.39 (C.56:8-1 et seq.).

3

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

6

7 1. As used in this act:

8 “Dealer” means a person who is actively engaged in the business
9 of buying, selling, exchanging, or leasing new or used motor
10 vehicles at retail and who has an established place of business.

11 “Financing agreement” means an agreement, through a bargained
12 communication or written contract, of an extension of a loan or
13 other line of credit by a lender to a borrower toward the purchase of
14 a motor vehicle.

15 “Lease agreement” has the same meaning as defined in section 2
16 of P.L.1988, c.123 (C.56:12-30).

17 “Lender” means an agent, officer, director, and employee of a
18 lender, or any person who solicits, arranges for, or otherwise
19 participates or assists in the making of loans, or in any way acts as
20 an intermediary between a borrower and a lender in effecting loans
21 related to the sale or lease of a motor vehicle.

22 “Motor vehicle” has the same meaning as defined in R.S.39:1-1.

23 “Payment assurance device” means a device installed on a motor
24 vehicle with global positioning system capability, or starter
25 interrupt capability allowing for the remote enabling or disabling of
26 the motor vehicle, and which is installed pursuant to a motor
27 vehicle purchaser’s or lessee’s financing agreement or lease
28 agreement.

29

30 2. a. A dealer or lender shall install or have installed a
31 payment assurance device on a motor vehicle only if:

32 (1) Written disclosure of the installation is provided to the
33 consumer prior to or at the time the motor vehicle is purchased or
34 leased, which shall include a statement of the intended use of the
35 device and notification of the grace period and warning provided
36 for in paragraphs (3) and (4) of this subsection;

37 (2) The consumer is not billed or charged a fee for the
38 installation of the device;

39 (3) The dealer, lender, or an agent thereof, does not remotely
40 disable the motor vehicle until the consumer is five or more days in
41 default on the periodic payment due on the purchase or lease;

42 (4) The consumer is provided a warning no less than 48 hours
43 before the motor vehicle is disabled remotely;

44 (5) The dealer, lender, or an agent thereof, does not remotely
45 disable the motor vehicle while it is being operated;

46 (6) The consumer is provided with the ability to start a disabled
47 motor vehicle, in the event of an emergency; and

1 (7) For purposes of a financing agreement, the consumer's
2 interest rate on the loan or other line of credit is at least 10
3 percentage points lower than the maximum interest rate permitted
4 by law, pursuant to subsection a. of N.J.S.2C:21-19.

5 b. A violation of the provisions of subsection a. of this section by
6 a dealer or lender is an unlawful practice and a violation of
7 P.L.1960, c.39 (C.56:8-1 et seq.).

8
9 3. This act shall take effect on the first day of the fourth month
10 next following enactment.

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12

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STATEMENT

14

15 This Assembly substitute regulates the use of payment assurance
16 devices by motor vehicle dealers and lenders.

17 Under the provisions of the substitute, a "payment assurance
18 device" is defined as a device installed on a motor vehicle with
19 global positioning system (GPS) capability or starter interrupt
20 capability allowing for the remote enabling or disabling of the
21 motor vehicle, and which is installed pursuant to a motor vehicle
22 purchaser's or lessee's financing agreement or lease agreement.

23 The substitute authorizes motor vehicle dealers and lenders to
24 install, or have installed, payment assurance devices only if the
25 following criteria are met:

26 (1) written disclosure of the installation and certain notifications
27 are provided to the consumer when the vehicle is purchased or
28 leased;

29 (2) the consumer is not billed or charged a fee for the installation
30 of the device;

31 (3) the dealer, lender, or an agent thereof, does not remotely
32 disable the vehicle until the consumer is five or more days in
33 default on the periodic payment due on the purchase or lease;

34 (4) the consumer is provided a warning no less than 48 hours
35 before the vehicle is disabled remotely;

36 (5) the dealer, lender, or an agent thereof, does not remotely
37 disable the vehicle while it is being operated;

38 (6) the consumer is provided with the ability to start a disabled
39 vehicle, in the event of an emergency; and

40 (7) for purposes of a financing agreement, the consumer's
41 interest rate on the loan is at least 10 percentage points lower than
42 the maximum interest rate permitted by law.

43 Under the substitute, a violation of its provisions by a dealer or
44 lender is an unlawful practice under the consumer fraud act,
45 P.L.1960, c.39 (C.56:8-1 et seq.), which is punishable by a
46 monetary penalty of not more than \$10,000 for a first offense and
47 not more than \$20,000 for any subsequent offense. Additionally,

- 1 violations can result in cease and desist orders issued by the
- 2 Attorney General, the assessment of punitive damages, and the
- 3 awarding of treble damages and costs to the injured party.