

# SENATE, No. 239

## STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

**Sponsored by:**

**Senator TROY SINGLETON**

**District 7 (Burlington)**

**SYNOPSIS**

Prohibits certain business financing contracts that contain confession by judgment provisions.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



## S239 SINGLETON

2

1 **AN ACT** concerning business financing and confession by judgment  
2 and supplementing chapter 16 of Title 2A of the New Jersey  
3 Statutes.

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

1. a. (1) No provider shall extend business financing to a  
concern in this State that contains a judgment by confession.

(2) No judgment shall be entered on warrant of attorney in any action on a bond or other instrument for the payment of money, except on motion after notice to the defendant served in lieu of summons in accordance with applicable court rules or by registered or certified mail.

b. A provision of any contract for business financing that provides for a judgment by confession that does not meet the requirements of subsection a. of this section shall be invalid and unenforceable against any concern.

19      c. As used in this section:

20 “Business financing” means a loan, line of credit, cash advance,  
21 factoring or asset-based transaction made for a business purpose.

22 “Concern” means any trade, business or professional entity  
23 conducted for profit, and includes, but is not limited to, individuals,  
24 partnerships, corporations, joint ventures, associations and  
25 cooperatives.

26 “Judgment by confession” means a written agreement that  
27 accepts liability and specifies damages in cases in which a concern  
28 is in violation of a business financing agreement.

30       2. This act shall take effect on the 90th day next following the  
31       date of enactment.

34 STATEMENT

36 This bill prohibits providers from extending business financing  
37 to a concern in this State that contains a judgment by confession.  
38 The bill provides that no judgment may be entered on warrant of  
39 attorney in any action on a bond or other instrument for the  
40 payment of money, except on motion after notice to the defendant  
41 served in lieu of summons in accordance with applicable court rules  
42 or by registered or certified mail.

43 Under the bill, a provision of any contract for business financing  
44 that provides for a judgment by confession that does not meet the  
45 requirements of the bill is invalid and unenforceable against any  
46 concern.

- 1       The bill provides that “judgment by confession” means a written
- 2       agreement that accepts liability and specifies damages in cases in
- 3       which a concern is in violation of a business financing agreement.

WITHDRAWN