

ASSEMBLY, No. 5963

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED NOVEMBER 18, 2019

Sponsored by:

Assemblywoman YVONNE LOPEZ

District 19 (Middlesex)

Assemblywoman ANNETTE QUIJANO

District 20 (Union)

SYNOPSIS

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

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 1/10/2020)

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

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

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

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

15 b. A provision of any contract for business financing that
16 provides for a judgment by confession that does not meet the
17 requirements of subsection a. of this section shall be invalid and
18 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.

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

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34 STATEMENT

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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.

A5963 LOPEZ, QUIJANO

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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.