

[First Reprint]

**ASSEMBLY, No. 1483**

**STATE OF NEW JERSEY**  
**219th LEGISLATURE**

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

**Sponsored by:**

**Assemblyman PAUL D. MORIARTY**

**District 4 (Camden and Gloucester)**

**Assemblywoman ANNETTE QUIJANO**

**District 20 (Union)**

**Assemblyman ERIC HOUGHTALING**

**District 11 (Monmouth)**

**Co-Sponsored by:**

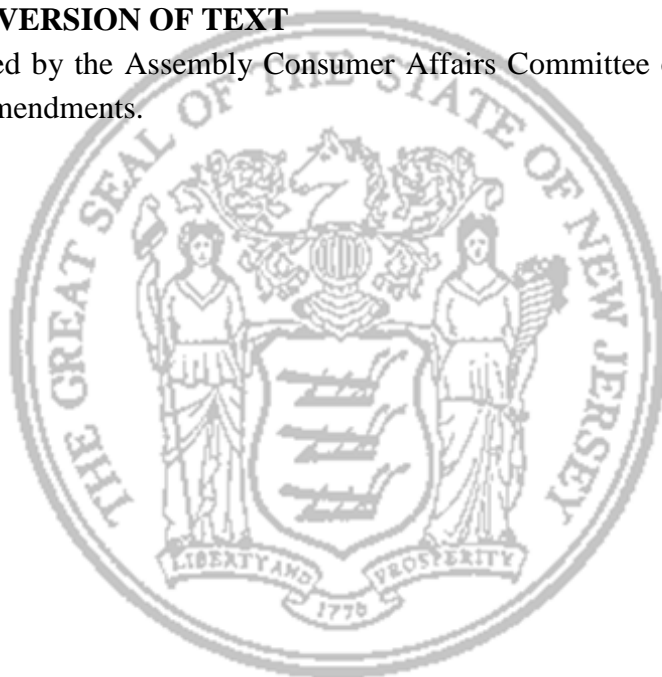
**Assemblyman Mejia**

**SYNOPSIS**

Regulates pay-off of trade-in vehicles and certain vehicle title releases.

**CURRENT VERSION OF TEXT**

As reported by the Assembly Consumer Affairs Committee on January 27, 2020, with amendments.



**(Sponsorship Updated As Of: 3/25/2021)**

1 AN ACT concerning the trade-in of used motor vehicles,  
2 supplementing chapter 10 of Title 39 of the Revised Statutes, and  
3 amending R.S.39:10-10 and R.S.39:10-11.  
4

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

8 1. (New section) a. A dealer or used motor vehicle dealer who  
9 buys a motor vehicle from a purchaser as a trade-in on which there  
10 remains a balance due under a security agreement which is to be  
11 satisfied pursuant to an agreement between the dealer and the  
12 purchaser shall, within 15 days of taking possession of the motor  
13 vehicle, remit payment in the full amount of the remaining loan to  
14 the secured party holding a security interest in the trade-in vehicle.

15 b. A dealer or used motor vehicle dealer subject to the  
16 provisions of subsection a. of this section shall provide proof of  
17 payment of the full balance due upon request by the person who  
18 transferred title or possession of the motor vehicle to the dealer or  
19 used motor vehicle dealer.

20 c. A dealer or used motor vehicle dealer who violates the  
21 provisions of this section shall be liable to a penalty of not more  
22 than \$1,000 for the first offense and not more than \$2,000 for the  
23 second and each subsequent offense. The penalty assessed pursuant  
24 to this subsection shall be exclusive of and in addition to any other  
25 penalties provided under chapter 10 of Title 39 of the Revised  
26 Statutes. <sup>1</sup>In addition to any penalty assessed pursuant to this  
27 subsection, a dealer or used motor vehicle dealer subject to the  
28 provisions of subsection a. of this section shall pay any late cost or  
29 fee resulting from the dealer's failure to remit payment of the  
30 remaining loan in a timely manner.<sup>1</sup>  
31

32 2. R.S.39:10-10 is amended to read as follows:

33 39:10-10. When the contract or terms of the security agreement  
34 noted on the certificate of origin, or certificate of ownership have  
35 been performed, or when the full balance due has been satisfied, the  
36 seller or secured party shall:

37 a. deliver to the buyer, or the buyer's assignee, the certificate  
38 of ownership thereto, executed as provided in this chapter, with  
39 proper evidence of satisfaction of the contract or termination of the  
40 security interest **[.Within 15 days after the performance of the**  
41 **contract or termination of the security interest, the seller or secured**  
42 **party shall]** within 15 days after receipt of payment, provided,  
43 however, that when payment is made by non-certified check or  
44 draft, the seller or secured party shall make delivery within 15 days

**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:

<sup>1</sup>Assembly ACO committee amendments adopted January 27, 2020.

1 of the date which funds are credited to the seller's or secured  
2 party's account; and

3 b. file with the [director] chief administrator a notice, in such  
4 form as the [director] chief administrator shall prescribe,  
5 containing evidence of such performance or termination within 15  
6 days after the performance of the contract or termination of the  
7 security interest. The [commissioner] chief administrator shall  
8 thereupon cause a notation to be made on his records of certificate  
9 of ownership of the motor vehicle that the contract has been  
10 satisfied or the security interest terminated.

11 c. A person who violates subsection a. of this section shall be  
12 liable to a penalty of not more than \$500 for the first offense and  
13 not more than \$1,000 for the second and each subsequent offense  
14 and shall be liable to the buyer or buyer's assignee for any fine, fee,  
15 or expense directly resulting from the failure to comply with  
16 subsection a. of this section. Any person violating the provisions of  
17 subsection b. of this section shall pay a fine of [\$25.00] \$25.

18 (cf: P.L.1961, c.122, s.4)

19

20 3. R.S.39:10-11 is amended to read as follows:

21 39:10-11. A. The purchaser of a motor vehicle in this State,  
22 other than a dealer licensed pursuant to the provisions of R.S.39:10-  
23 19, shall, within 10 working days after its purchase, submit to the  
24 [director] chief administrator evidence of the purchase. Upon  
25 presentation to the [director] chief administrator of the certificate  
26 of origin, or certificate of ownership, or bill of sale issued prior to  
27 October 1, 1946, with proper assignment and certification of the  
28 seller, a record of the transaction shall be made and filed. A  
29 certificate of ownership shall be issued by the [director] chief  
30 administrator and delivered to the buyer, in case of a sale not  
31 subject to a security interest, and the [director] chief administrator  
32 shall collect a fee of \$20 for the issuance and filing thereof.

33 B. In the case of a sale subject to a security interest, a  
34 certificate of ownership, with the name and address of the holder of  
35 the encumbrance or secured party or his assignee recorded thereon,  
36 shall be delivered to the holder of the encumbrance or secured party  
37 or his assignee and a copy thereof shall be delivered to the buyer.  
38 The [director] chief administrator shall collect a fee of \$30 for his  
39 services in issuing a certificate and copy thereof, and for making a  
40 record of and filing the record of the transaction, pursuant to this  
41 subsection.

42 C. Except as hereinafter in this section otherwise expressly  
43 provided, whenever a security interest is created in a motor vehicle,  
44 other than a security interest which is required to be noted on the  
45 certificate of origin or the certificate of ownership, as provided in  
46 R.S.39:10-8 and R.S.39:10-9, there shall be filed with the  
47 [director] chief administrator the certificate of ownership of the  
48 motor vehicle, together with a financing statement on a form

1 prescribed by the **【director】** chief administrator. The **【director】**  
2 chief administrator shall make and file a record of the transaction  
3 and shall issue a certificate of ownership, recording the name and  
4 address of the secured party or his assignee thereon, and shall  
5 deliver it to the secured party or his assignee. A copy of the  
6 certificate of ownership so issued shall be delivered to the buyer.  
7 The **【director】** chief administrator shall collect a fee of \$20 for his  
8 services in issuing a certificate and copy thereof and for making a  
9 record of and filing the record of the transaction, pursuant to this  
10 subsection.

11 D. The financing statement required to be filed pursuant to  
12 subsection C. hereof shall be signed only by the buyer, shall not be  
13 required to be acknowledged or proved, and shall show, in addition  
14 to such matters as the **【director】** chief administrator may require for  
15 the proper identification of the motor vehicle affected, the date of  
16 the security agreement, and the names and addresses of the parties  
17 thereto. Nothing contained in this section **【39:10-11 contained】**  
18 shall be construed as requiring that the security agreement or a copy  
19 thereof, or any proof of execution thereof other than that contained  
20 in the financing statement, shall be presented to the **【director】** chief  
21 administrator. When the buyer is a corporation, it shall be  
22 sufficient if the financing statement is signed by any officer thereof,  
23 or by any agent designated by the corporation for that purpose, and  
24 it shall not be necessary that the financing statement recite the  
25 authorization of the agent. When there is more than one buyer, it  
26 shall be sufficient if the financing statement is signed by any one of  
27 them.

28 E. Nothing in subsections C. and D. of this section shall apply  
29 to security interests in motor vehicles which constitute inventory  
30 held for sale, but such interests shall be subject to chapter 9 of Title  
31 12A of the New Jersey Statutes, nor shall anything in the said  
32 subsections apply to interests in personal property subject to chapter  
33 28 of Title 46 of the Revised Statutes.

34 F. In addition to the fees elsewhere in this section provided for,  
35 there shall be paid to the **【director】** chief administrator at the time a  
36 certificate of ownership is issued a fee of \$10 for notice of  
37 satisfaction of the lien or encumbrance of the record or abstract, or  
38 of the termination of the security interest, where the motor vehicle  
39 is subject to a lien or encumbrance or a security interest as provided  
40 in R.S.39:10-14.

41 G. Notwithstanding any other provision of this chapter, when  
42 any dealer licensed under the provisions of R.S.39:10-19 is the  
43 purchaser of a motor vehicle in this State, he may, within 10  
44 working days after its purchase, submit to the **【director】** chief  
45 administrator the evidence of purchase. Upon presentation of the  
46 certificate of ownership with proper assignment and certification of  
47 the seller to the **【director】** chief administrator, a record of the  
48 transaction shall be made and filed. A certificate of ownership shall

1 be issued by the **【director】** chief administrator and delivered to  
2 such purchaser, and the **【director】** chief administrator shall collect a  
3 fee of \$10 for the issuing and filing thereof.

4 If a dealer does not submit the evidence of purchase, upon resale  
5 of the motor vehicle he shall execute and attach to the certificate of  
6 ownership a dealer reassignment certificate. The **【director】** chief  
7 administrator shall issue dealer reassignment certificates in lots  
8 upon payment of a fee of \$10 for each certificate.

9 H. Any purchaser of a motor vehicle who fails to comply with  
10 the provisions of this section shall pay to the **【director】** chief  
11 administrator a penalty of \$25 plus the issuing and filing fee.

12 I. The failure of any person to comply with the requirements of  
13 this section shall not constitute a misdemeanor within the  
14 provisions of R.S.39:10-24, nor shall such failure affect the validity  
15 of any instrument creating or reserving a security interest in a motor  
16 vehicle, as between the parties to such instrument.

17 J. The notation of the name and business or residence address  
18 of a secured party or his assignee, on the certificate of origin or on  
19 the certificate of ownership, as provided in R.S.39:10-8 and  
20 R.S.39:10-9, and the presentation to the **【director】** chief  
21 administrator, in accordance with R.S.39:10-11, of the certificate of  
22 origin or certificate of ownership so noted, and the compliance with  
23 the requirements of subsections C. and D. of R.S.39:10-11 shall be  
24 in lieu of all filing requirements imposed by chapter 9 of Title 12A  
25 of the New Jersey Statutes and shall constitute the perfection of a  
26 security interest in the motor vehicle, and the rights and remedies of  
27 the debtors and the secured parties in respect to such security  
28 interest shall, except as otherwise expressly provided in this  
29 chapter, be subject to and governed by chapter 9 of Title 12A of the  
30 New Jersey Statutes.

31 K. A levy on a motor vehicle which is constructive and not  
32 actual in nature, initiated pursuant to R.S.39:10-15, shall not be  
33 valid, enforceable, or effective unless the person taking constructive  
34 possession of the motor vehicle seizes and takes actual possession  
35 of the motor vehicle within 30 days of filing the required notice  
36 with the chief administrator as required by R.S.39:10-15. The chief  
37 administrator shall remove any title transfer restriction or other  
38 impairment affecting the title if the motor vehicle is not seized and  
39 taken actual possession of within 30 days, or upon the request of the  
40 good faith purchaser. A levy by a judgment creditor on a motor  
41 vehicle shall not be effective against a subsequent good faith  
42 purchaser for value unless the motor vehicle in question was seized  
43 and actual possession was taken by the creditor.

44 (cf: P.L.1994, c.60, s.26)

45  
46 4. This act shall take effect on the first day of the third month  
47 following enactment.