

ASSEMBLY CONSUMER AFFAIRS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1483

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 27, 2020

The Assembly Consumer Affairs Committee reports favorably and with committee amendments Assembly Bill No. 1483.

As amended and reported by the committee, this bill requires motor vehicle dealers to pay the remaining loan on a customer's trade-in within 15 days of accepting that trade-in. The amended bill also requires the dealer to provide proof of the payment to the customer upon request. A dealer who violates the amended bill's provisions is subject to a penalty of up to \$1,000 for the first offense and up to \$2,000 for each subsequent offense. In addition, a dealer would be required to pay any late cost or fee incurred by the customer as a result of the dealer's failure to pay the remaining loan on a customer's trade-in in a timely manner.

In addition, the amended bill requires a secured party to release the title within 15 days of receipt of payment from the motor vehicle dealer. When the balance is paid by non-certified check, the secured parties are required to release the title within 15 days from the date the check is credited to their account. A secured party who fails to comply with these time requirements is subject to a civil penalty of up to \$500 for the first offense and up to \$1,000 for each subsequent offense.

Under current law, a creditor that takes actual or constructive possession of a motor vehicle is required to notify the Chief Administrator of the Motor Vehicle Commission. The amended bill invalidates levies placed on vehicles unless a creditor taking constructive possession of the vehicle seizes and takes actual possession of the vehicle within 30 days of providing notice to the chief administrator. The amended bill also exempts a subsequent purchaser of a trade-in motor vehicle from financial responsibility for a levy on a motor vehicle that is not in a creditor's actual possession. The chief administrator is to release title transfer restrictions on motor vehicles that have been legally, but not physically, seized after 30 days or upon request of the good faith purchaser.

This bill was pre-filed for introduction in the 2020-2021 session pending technical review. As amended and reported, the bill includes the changes required by technical review, which has been performed.

COMMITTEE AMENDMENTS

The committee amended the bill to provide that a dealer is required to pay any late cost or fee incurred by the customer as a result of the dealer's failure to pay the remaining loan on a customer's trade-in in a timely manner.