SYNOPSIS

Regulates use of motor vehicle payment assurance devices.

CURRENT VERSION OF TEXT

As amended by the General Assembly on March 14, 2016.

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

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

1. As used in this act:

"Consumer" means a purchaser or lessee of a motor vehicle normally used for personal, family, or household purposes.

“Creditor” means a dealer, lender, or lessor, or any assignee of a dealer, lender, or lessor.

“Dealer” means a person who is actively engaged in the business of buying, selling, exchanging, or leasing new or used motor vehicles at retail and who has an established place of business.
“Financing agreement” means an agreement, through a bargained communication or written contract, of an extension of a loan or other line of credit by a lender to a borrower toward the purchase of a motor vehicle.

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

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

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

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

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

“Payment assurance device” means a device installed on a motor vehicle with global positioning system capability, starter interrupt capability allowing for the remote enabling or disabling of the motor vehicle, or both, and which is installed pursuant to a motor vehicle consumer’s financing agreement or lease agreement.

2.   a.  A creditor shall install or have installed a payment assurance device on a motor vehicle only if:

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

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

   (3)   The creditor or an agent thereof does not remotely disable the motor vehicle until the consumer is [five] seven or more days in default on any term under the financing agreement or lease agreement, including but not limited to the periodic payment due on the purchase or lease;

   (4)   The consumer is provided a warning no less than 48 hours before the motor vehicle is disabled remotely, and the warning is transmitted by the creditor through at least two modes of communication, such as by email, mail, telephone, text message, or through the payment assurance device or motor vehicle;

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

   (6)   The consumer is provided with the ability to start a disabled motor vehicle and use it for a period of at least 48 hours, in the event of an emergency; and

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

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

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