

N.J. AUTO INDUSTRY ALERT

Legislation Important to Motor Vehicle Dealers

New Payment Assurance Device Law

Governor Chris Christie signed into law legislation that allows for the continued use of payment assurance devices with new limitations. Prior to enactment of the law, use of GPS technology to either track a vehicle or for starter interruption purposes was not regulated in New Jersey.

The new law is effective August 1, 2017. It allows for installation of a payment assurance device in connection with auto financing only if certain conditions are met, including, but not limited to the following:

- Written disclosure to the consumer and their written acknowledgment the device is installed.
- Prohibition on charging the consumer for the device.
- Prohibition on disabling the vehicle while it is being operated.
- Prohibition on remotely disabling the vehicle until the vehicle is five or more days in default.
- A 72 hour warning prior to remotely disabling the vehicle.

Failure to comply with the law is a violation of the Consumer Fraud Act and could result in an award of attorneys' fees and triple damages.

If your dealership uses GPS devices, disclosure forms should be reviewed by an attorney or other qualified professional to ensure compliance with the law. In addition, employees should be properly trained and knowledgeable about the new requirements for when and how a GPS device can be utilized.

Temporary Registration Legislation Advances

Legislation to increase the number of days a temporary registration is valid if the vehicle is sold to an out of state consumer from 20 to 30 passed the Assembly on June 8 by a vote of 76-0. The bill, A-1918, also allows for a second 30 day temporary registration if the title is lost or if a prior lien holder fails to turn over title.

The bill would treat all consumers the same regardless of residency. New Jersey consumers are already allowed 30 days for their first temporary registration and a second 30 day temporary registration. The bill was referred to the Senate Transportation Committee, which has yet to take action on the bill.



Bill Introduced Concerning Lien Payoffs by Dealers and Lenders

On June 12, Bill A-4980 was introduced in the Assembly. The bill would require dealers to pay the remaining loan on a customer's trade-in within 15 days of accepting a trade-in and to provide proof of the payment to the consumer on request.

The bill would also require lenders to release titles within 15 days of receipt of payment from a dealer except if paid by non-certified check within 15 days from the date the check is credited to their account.

Dealers and secured parties that fail to comply with these requirements would be subject to a \$500 penalty for the first offense and a \$1,000 for each subsequent offense. 🚗

ANTHONY BUSH is a member in Eckert Seamans' Princeton office with over two decades of experience with automotive issues. For more information about any of the issues above, or any other legal issues impacting your dealership, contact Tony Bush at (609) 989-5056 or abush@eckertseamans.com. ©Eckert Seamans Cherin & Mellott, LLC, 2017, all rights reserved.

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