

NJ Auto Industry Alert

NJ Motor Vehicle Commission's COVID 19 Deadlines that Impact Dealers and New Collateral Protection Requirements

By Anthony Bush

COVID-19 NEWS FROM THE NEW JERSEY MVC

Temporary Tags: New Jersey MVC Chief Administrator Sue Fulton confirmed on March 17, 2020 that the two-month expiration extensions put in place this week applied to temporary tags issued to consumers by dealers in addition to driver licenses, learner permits, commercial driver licenses, commercial learner permits and commercial registrations. As of this morning, this information is not yet on the commission's website.

Dealer License Renewals: Importantly, the New Jersey MVC is still working to process all used car dealer license renewal applications as they are received. If the situation changes, the New Jersey MVC will advise the industry if the March 31, 2020 expiration for all dealer licenses will be extended.

NEW REQUIREMENTS CONCERNING COLLATERAL PROTECTION INSURANCE IN NEW JERSEY

There is a new disclosure requirement that must be provided to non-cash buyers at time of sale or to lessees at the time a lease is entered effective April 12, 2020. Before a retail installment sales contract or lease is signed, dealers will be required to provide buyers a separate notice about collateral protection insurance. The notice is required if the RISC or lease requires the buyer to insure the vehicle and if the buyer fails to do so; the dealer or lender can buy collateral protection insurance at the buyer or lessee's expense. The new requirements also include steps required to cancel the insurance once the consumer obtains their own so that there is not duplicative costly insurance on the consumer. Those responsibilities typically fall on the lender and not dealership if it assigns its retail installment sales contracts and leases to lenders. Should you have questions about the new forms now or after the Pandemic subsides our firm is available to review your forms to ensure that they are compliant.

STAY SAFE!