

ASSEMBLY, No. 3067

STATE OF NEW JERSEY 219th LEGISLATURE

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Sponsored by:
Assemblyman ERIC HOUGHTALING
District 11 (Monmouth)

SYNOPSIS

Requires certain disclosures under motor vehicle lease.

CURRENT VERSION OF TEXT

As introduced.



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1 AN ACT concerning motor vehicle leases and amending P.L.1994,
2 c.190.

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

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7 1. Section 3 of P.L.1994, c.190 (C.56:12-62) is amended to
8 read as follows:

9 3. Every lease:

10 a. Shall be in writing and contain all of the terms and
11 conditions of the lease agreement between the lessor and the lessee
12 and shall be signed by the lessor and lessee;

13 b. Shall state the names and addresses of all parties, and the
14 phone number of the leasing dealer. If the dealer knows the identity
15 of the party to whom the leasing dealer intends to assign the lease,
16 the dealer shall include in the lease the name, address and telephone
17 number of the assignee. If the leasing dealer does not include the
18 name, address and telephone number of the assignee in the lease,
19 the dealer or the assignee shall, promptly upon assignment, mail or
20 personally deliver to the lessee the name, address and telephone
21 number of the assignee;

22 c. Shall state the dates when the lease is executed by the
23 parties;

24 d. Shall identify the lease with the term "lease" in 14-point
25 bold type and shall be in a style and format to be determined by the
26 director by regulation;

27 e. Shall be completed in full without any blank spaces to be
28 filled in after the lease is signed by the lessee;

29 f. Shall specify the periodic basis or intervals when the lease
30 payments shall be payable;

31 g. Shall provide the following information concerning the
32 conditions of the lease with all price amounts in 14-point bold type
33 in a style and format determined by the director by regulation:

34 (1) Whether or not the lessee has the option to purchase the
35 motor vehicle at the end of the lease term, and if so, either:

36 (a) the purchase option price, or

37 (b) the method for ascertaining the purchase option price. If the
38 lease includes a method for determining the purchase option price,
39 and that method is based upon an amount set forth in a publication,
40 the identity of the publication and the classification contained
41 within the publication to be used, shall be included. If the
42 publication ceases to exist, the lessor shall immediately notify the
43 lessee of that fact and inform the lessee of the identity of the
44 comparable publication which will be utilized to ascertain the
45 purchase option price. If a method for ascertaining the purchase

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.

1 option price not set forth in a publication is included in the lease,
2 the lease shall set forth a good faith estimate of the amount, using
3 that method;

4 (2) The total amount of all payments required at the inception of
5 the lease term, including any refundable security deposit, any trade-
6 in allowance and any nonrefundable payment such as a down
7 payment or capitalized cost reduction, required at the beginning of
8 the lease, or a statement that no payment is required at the
9 beginning of the lease;

10 (3) The number of periodic payments to be paid during the term
11 of the lease and the amount of each payment;

12 (4) A description of the standards to be used by the lessor in
13 determining excessive wear or damage, and any liability the lease
14 imposes upon the lessee at the end of the term of the lease,
15 including any liability which may be imposed upon the lessee
16 because of excessive wear or damage of the motor vehicle and any
17 disposition costs imposed upon the lessee;

18 (5) (a) If the lease contains a purchase option, the total cost of
19 the lease, assuming there is no default and that the lessee exercises
20 the purchase option at the end of the term of the lease, which shall
21 be the sum of: (i) the total amount of all payments required at the
22 beginning of the lease; (ii) the total amount to be paid in periodic
23 payments during the term of the lease; (iii) the amount of any
24 liability the lease imposes upon the lessee at the end of the term of
25 the lease; and (iv) the purchase option price.

26 (b) If the lease does not contain a purchase option or if the
27 purchase option price is not set forth in the lease, the total fixed cost
28 of the lease, which shall be the sum of (i), (ii) and (iii) of
29 subparagraph (a) of this paragraph.

30 (c) For purposes of calculating the total cost of the lease under
31 subparagraph (a) of this paragraph or the total fixed cost of the
32 lease under subparagraph (b) of this paragraph, the amount of the
33 refundable security deposit and insurance shall be excluded;

34 (6) The formula which shall be used by the lessor to calculate
35 the total liability of the lessee if the lease is terminated by the
36 lessee;

37 (7) The residual value of the vehicle;

38 (8) The total number of miles or the number of miles per month
39 or year which the vehicle may be driven without additional charge
40 as permitted under the terms of the lease, and the charge per mile
41 for the miles driven in excess of that permissible mileage;

42 (9) The liability of the lessee in the event the motor vehicle is
43 damaged, stolen or otherwise lost. In the event the motor vehicle is
44 damaged, stolen or lost and is deemed a total loss by the insurance
45 company, and the lease contains a provision whereby the difference
46 between the insurance proceeds and the amount due under the terms
47 of the lease shall be waived if the lessor receives the insurance
48 proceeds and if the lessee has otherwise complied with all other

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1 promises contained in the lease (including, where applicable, the
2 requirement that the lessee pay the deductible under any insurance
3 coverage), the lease shall disclose that the lessee shall have no
4 further liability. Otherwise, the lease shall disclose the option on
5 the part of the lessee to purchase from the lessor or from a third
6 party, either insurance or damage waivers, if available, to indemnify
7 him for the difference between the insurance proceeds and the
8 amount due under the terms of the lease;

9 (10) The gross capitalized cost of the vehicle, the capitalized
10 cost reduction and the adjusted capitalized cost when the cost of the
11 vehicle for the purpose of calculating the gross capitalized cost
12 exceeds the manufacturer's suggested retail price;

13 (11) The total amount of all payments or fees that may apply at
14 the end of the term of the lease; and

15 h. Shall provide the following information concerning the
16 motor vehicle to be leased:

17 (1) If the odometer reads in excess of 1,000 miles, an
18 explanation of the prior use of the motor vehicle using the
19 following terms, as applicable: personal, family or household,
20 demonstrator, livery, daily rental, police, prior wreckage, unknown;
21 provided that the lessor may insert "unknown" only if the lessor
22 does not know the prior use of the motor vehicle;

23 (2) The odometer reading at the beginning of the lease term;

24 (3) The make, model, and year;

25 (4) The number of engine cylinders;

26 (5) Whether the transmission is automatic or manual;

27 (6) Whether the brakes and steering mechanism are power
28 assisted or manual;

29 (7) Whether or not the vehicle is air conditioned;

30 (8) The vehicle identification number of the vehicle; and

31 (9) If the vehicle is required to have a Monroney label, the
32 manufacturer's suggested retail price as set forth on the Monroney
33 label.

34 (cf: P.L.1994, c.190, s.3)

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36 2. Section 4 of P.L.1994, c.190 (C.56:12-63) is amended to
37 read as follows:

38 4. a. In addition to a copy of the lease, every lessee shall be
39 provided with a one-page document summarizing the following
40 information:

41 (1) the total down payment required at the inception of the lease
42 term;

43 (2) the amount of each periodic payment to be paid during the
44 term of the lease;

45 (3) the mileage limit under the lease agreement;

46 (4) the termination fee and any fees resulting from an early
47 termination of the lease agreement; and

