

CHAPTER 304

AN ACT establishing right of person engaged in military service for more than 90 days to cancel a motor vehicle lease without penalty, amending P.L.1979, c.317.

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

1. Section 15 of P.L.1979, c.317 (C.38:23C-15) is amended to read as follows:

C.38:23C-15 Contract for purchase of property, rescission, termination; cancellation of auto lease, due to certain military service.

15. a. (1) No person who has received, or whose assignor has received, under a contract for the purchase of real or personal property, or of lease or bailment with a view to purchase of such property, a deposit or installment of the purchase price or a deposit or installment under the contract, lease or bailment from a person or from the assignor of a person who, after the date of payment of such deposit or installment, has entered military service, shall exercise any right or option under such contract to rescind or terminate the contract or resume possession of the property for nonpayment of any installment thereunder due or for any other breach of the terms thereof occurring prior to or during the period of such military service, except by action in a court of competent jurisdiction; provided, that nothing contained in this section shall prevent the modification, termination, or cancellation of any such contract, or prevent the repossession, retention, foreclosure, sale or taking possession of property purchased or received or which is security for any obligation under such contract, pursuant to a mutual agreement of the parties thereto, or their assignees, if such agreement is executed in writing subsequent to the making of such contract and during or after the period of military service of the person concerned.

(2) Any person who has entered military service for a period of more than 90 consecutive days, who prior to such entry leased a non-commercial motor vehicle for personal use whether with or without a view to purchase, may cancel the lease by giving written notice of cancellation to the lessor or the lessor's assignor at any time following the date of receipt of the order to enter such military service. Cancellation of a lease providing for monthly lease payments shall not be effective (1) until the last day of the month following the month in which notice of cancellation is made, or (2) when the leased motor vehicle is returned to the lessor or the lessor's assignor, whichever is later. Upon cancellation of the lease, the former lessee and any co-signer shall have no further liability to the lessor or the lessor's assignor, except that the lessee and any co-signer shall be obligated to the lessor or assignor for any damages to the motor vehicle and excess mileage over the pro rata amount permitted as of the date of cancellation of the lease. The lessor or lessor's assignor shall not impose any penalty or charge upon the lessee or any co-signer on the lease for early cancellation of the lease. This paragraph shall apply whether or not the person is the sole signatory of the lease.

b. Any person who shall knowingly resume possession of property which is the subject of this section, other than as provided in paragraph a. of this section, or attempt so to do, shall be adjudged a disorderly person and shall be punished by imprisonment not to exceed six months, or by fine not to exceed \$1,000, or both.

c. Upon the hearing of such action, the court may order the repayment of prior installments or deposits or any part thereof, as a condition of terminating the contract and resuming possession of the property, or may, in its discretion, on its own motion, and shall, except as provided in section 17 of this act, on application to it by such person in military service or some person on his behalf, order a stay of proceedings as provided in this act except that such stay under this section may be ordered for the period of military service and six months thereafter or any part of such period, unless, in the opinion of the court, the ability of the defendant to comply with the terms of the contract is not materially affected by reason of such service; or it may make such other disposition of the case as may be equitable to conserve the interests of all parties.

2. This act shall take effect immediately.

Approved January 14, 2004.