NEW JERSEY SUPERIOR COURT, APPELLATE DIVISION

Ford Motor Credit Co. v. Arce

348 N.J. Super. 198 (App. Div. 2002) · Decided February 26, 2002

SUMMARY

The New Jersey Superior Court, Appellate Division, held that Ford Motor Credit Company's action to recover a deficiency under a retail installment contract for a vehicle was governed by the four-year statute of limitations in U.C.C. § 2-725, as adopted in N.J.S.A. 12A:2-725. Following Associates Discount Corp. v. Palmer, the court concluded that the deficiency action was barred because it was filed approximately five and one-half years after the defendant's default. The court reversed the trial court's summary judgment for Ford Motor Credit and also criticized the trial court's failure to state factual findings and legal conclusions.

CASE DETAILS

COURT	New Jersey Superior Court, Appellate Division
WRITING FOR THE COURT	Havey, P.J.A.D.
JURISDICTION	New Jersey
DECIDED	February 26, 2002
DISPOSITION	reversed
PROCEDURAL POSTURE	Defendant appealed from an order granting plaintiff summary judgment and awarding a deficiency judgment under a retail installment contract.
STANDARD OF REVIEW	Summary judgment is reviewed under the standards stated in Brill v. Guardian Life Insurance Co. of America, requiring consideration of whether there is a genuine issue of material fact and whether the moving party is entitled to judgment as a matter of law.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Gilberto Arce v. Ford Motor Credit Company

TOPICS

uniform commercial code · statutory interpretation · contracts · consumer protection

PRACTICE AREAS

contract law | commercial law | consumer law | civil procedure

QUESTIONS PRESENTED

1. Whether a deficiency action arising from a retail installment contract for the purchase of a vehicle is governed by the four-year statute of limitations for contracts for the sale of goods under N.J.S.A. 12A:2-725 rather than the six-year general contract limitations period.
2. Whether the Legislature's enactment of N.J.S.A. 17:16C-38.2 overruled or displaced the holding of Associates Discount Corp. v. Palmer.
3. Whether the trial court erred by granting summary judgment without making factual findings or stating reasons.

HOLDINGS

1. A deficiency action arising from a retail installment transaction for the purchase of a vehicle is essentially an action to recover the unpaid sales price of goods and is governed by the four-year limitations period in U.C.C. § 2-725, N.J.S.A. 12A:2-725.
2. N.J.S.A. 17:16C-38.2 did not expressly or implicitly overrule Palmer or remove retail installment contracts from Article 2's four-year statute of limitations.
3. A trial court deciding a summary-judgment motion must make factual findings and state its legal conclusions and reasons on the record.

KEY QUOTATIONS

> *"An action for breach of any contract for [the] sale [of goods] must be commenced within four years after the cause of action has accrued."* (201)

> *"Such a suit is nothing but a simple in personam action for that part of the sales price which remains unpaid after the seller has exhausted his rights under Article 9 [of the U.C.C.] by selling the collateral; it is an action to enforce the obligation of the buyer to pay the full sale price to the seller, an obligation which is an essential element of all sales and which exists whether or not the sale is accompanied by a security arrangement."* (201-202)

> *"It therefore cannot be said that the Legislature, by enacting § 38.2, either explicitly or implicitly intended to overrule the Palmer holding that a deficiency suit on a transaction equivalent to a retail installment contract is governed by § 2-725."* (203)

FACTUAL BACKGROUND

On January 31, 1994, Gilberto Arce purchased a 1988 Dodge van for $7,928.70 and executed a retail installment contract financing $7,750.59 through thirty-five monthly payments. The contract was assigned to Ford Motor Credit Company. Arce defaulted and voluntarily surrendered the vehicle to FMC on March 21, 1995; FMC sold it at public auction for $3,195. FMC filed suit for the deficiency on September 29, 2000.

PROCEDURAL HISTORY

Gilberto Arce purchased a used vehicle through a retail installment contract that was assigned to Ford Motor Credit Company. After Arce defaulted, surrendered the vehicle, and FMC sold it at auction, FMC filed a deficiency action approximately five and one-half years after the default. The trial court granted FMC summary judgment without a hearing or findings. The Appellate Division reversed, holding that the action was barred by the four-year limitations period in U.C.C. § 2-725.

DISPOSITION

reversed

CASES CITED

- Assocs. Discount Corp. v. Palmer, 47 N.J. 183, 219 A.2d 858 (1966)
- Brill v. Guardian Life Insurance Co. of America, 142 N.J. 520, 540, 666 A.2d 146 (1995)
- Great Atlantic & Pacific Tea Co., Inc. v. Checchio, 335 N.J. Super. 495, 498, 762 A.2d 1057 (App. Div. 2000)
- First Nat'l Bank v. Chase, 118 N.M. 783, 887 P.2d 1250, 1251-53 (1994)
- Scott v. Ford Motor Credit Co., 345 Md. 251, 691 A.2d 1320, 1323-26 (1997)
- State v. Dalglish, 86 N.J. 503, 512, 432 A.2d 74 (1981)