

17:16F-12

LEGISLATIVE HISTORY CHECKLIST
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NJSA: 17:16F-12 to 17:16F-14

(Mortgage loans--
regulate--application
& commitment
process)

LAWS OF: 1990

CHAPTER: 48

Bill No: A1158

Sponsor(s): Pre-filed

Date Introduced: Pre-filed

Committee: **Assembly:** Financial Institutions

Senate: Labor, Industry & Professions

Amended during passage: No

Date of Passage: **Assembly:** March 1, 1990

Senate: June 11, 1990

Date of Approval: June 28, 1990

Following statements are attached if available:

Sponsor statement: Yes

Committee Statement: **Assembly:** Yes

Senate: Yes

Fiscal Note: No

Veto Message: No

Message on signing: No

Following were printed:

Reports: No

Hearings: No

Report, mentioned in statements not received as of 12/90.

KBG/SLJ

P.L.1990, CHAPTER 48, *approved June 28, 1990*

1990 Assembly No. 1158

1 AN ACT concerning the regulation of the mortgage loan
2 application and commitment process and supplementing Title
3 46 of the Revised Statutes.

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

7 1. The Legislature finds and declares that:

8 a. The decision by a person to assume a mortgage loan in order
9 to buy a home is one of the most significant decisions that person
10 will make, the impact of which will last over the person's
11 lifetime.

12 b. In the 1980s the mortgage loan application, commitment
13 and closing process has become very complex: in most cases it is
14 no longer a simple transaction between a local lender and a
15 borrower, but often involves several parties on the lending side, a
16 wide variety of settlement activities to be performed and paid
17 for, considerable disclosure requirements on the part of the
18 lender, and detailed information requirements on the part of the
19 borrower, which together often create confusion on the part of
20 the borrower, misunderstanding between the borrower and the
21 lender and borrower frustration with the whole process.

22 c. In addition to becoming more complex, the mortgage loan
23 application, commitment and closing process and the interest
24 rates associated with mortgage loans are constantly changing,
25 requiring lenders to respond quickly to these changes.

26 d. Given the complexity of and the constant changes to
27 interest rates and the mortgage loan application, commitment
28 and closing process, it is appropriate that any requirements
29 regarding this process be provided by rules and regulations
30 promulgated by the Commissioner of Banking.

31 2. The Commissioner of Banking shall, in addition to other
32 regulatory powers, have the authority to promulgate rules and
33 regulations, pursuant to the "Administrative Procedure Act,"
34 P.L.1968, c.410 (C.52:14B-1 et seq.), applicable to the mortgage
35 loan application and commitment process of lenders making
36 mortgage loans to borrowers secured by properties located in
37 New Jersey, including the regulation of lock-in agreements and
38 fees associated therewith, to assure that borrowers are treated
39 ~~fairly in the process and are afforded adequate protection from~~
40 arbitrary changes in the commitment terms or interest rates on
41 their mortgage loans.

- 1 **3. The Commissioner of Banking shall report annually to the**
- 2 **appropriate committees of the Legislature regarding existing and**
- 3 **suggested regulations which assure that borrowers are treated**
- 4 **fairly and are afforded adequate protection from arbitrary**
- 5 **changes in commitment terms, interest rates, lock-in agreements**
- 6 **and fees related to their mortgage loans.**
- 7 **4. This act shall take effect immediately.**

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BANKING AND FINANCE

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**Provides for the regulation of the mortgage loan application and
commitment process of mortgage lenders.**

ASSEMBLY, No. 1158

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1990 SESSION

By Assemblywoman KALIK

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(1990)

1 3. The Commissioner of Banking shall report annually to the
2 appropriate committees of the Legislature regarding existing and
3 suggested regulations which assure that borrowers are treated
4 fairly and are afforded adequate protection from arbitrary
5 changes in commitment terms, interest rates, lock-in agreements
6 and fees related to their mortgage loans.

7 4. This act shall take effect immediately.

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10 SPONSOR'S STATEMENT

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12 This bill assures and confirms that the Commissioner of
13 Banking has the full authority to regulate the mortgage loan
14 application and commitment process of mortgage lenders making
15 mortgage loans to borrowers secured by New Jersey property,
16 including the regulation of mortgage loan lock-in agreements and
17 fees associated therewith.

18 The bill also requires the Commissioner of Banking to report
19 annually to the appropriate committees of the Legislature
20 regarding existing and suggested regulations to assure that
21 borrowers are treated fairly and are afforded adequate protection
22 from arbitrary changes in commitment terms, interest rates,
23 lock-in agreements and fees on their mortgage loans.

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25

BANKING AND FINANCE

26

27 Provides for the regulation of the mortgage loan application and
28 commitment process of mortgage lenders.

ASSEMBLY FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1158

STATE OF NEW JERSEY

DATED: FEBRUARY 8, 1990

The Assembly Financial Institutions Committee favorably reports Assembly, No. 1158.

This bill assures and confirms that the Commissioner of Banking has the full authority to regulate the mortgage loan application and commitment process of mortgage lenders making mortgage loans to borrowers secured by New Jersey property, including the regulation of mortgage loan lock-in agreements and fees associated therewith.

The bill also requires the Commissioner of Banking to report annually to the appropriate committees of the Legislature regarding existing and suggested regulations to assure that borrowers are treated fairly and are afforded adequate protection from arbitrary changes in commitment terms, interest rates, lock-in agreements and fees on their mortgage loans.

This bill was pre-filed for introduction in the 1990 session pending technical review. As reported the bill includes the changes required by technical review which has been performed.

SENATE LABOR, INDUSTRY AND PROFESSIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1158

STATE OF NEW JERSEY

DATED: MAY 21, 1990

The Senate Labor, Industry and Professions Committee reports favorably Assembly, No. 1158.

This bill clarifies and assures that the Commissioner of Banking has full authority to regulate the mortgage loan application and commitment process of lenders making mortgage loans to borrowers secured by properties located in New Jersey, including the regulation of lock-in agreements and fees therefor, to assure that borrowers are treated fairly in the process and are afforded adequate protection from arbitrary changes in the commitment terms or interest rates on their mortgage loans.

The commissioner is to report annually to the appropriate committees of the Legislature regarding existing and suggested regulations to assure that borrowers are treated fairly and are afforded adequate protection from arbitrary changes in commitment terms, interest rates, lock-in agreements and fees on their mortgage loans.