

17:9A-65.2

LEGISLATIVE HISTORY CHECKLIST

NJSA 17:9A-65.2 (Mortgage escrow accounts-increase prohibited unless notice of tax increase given.)

Laws of 1977 Chapter 353

Bill No. S587

Sponsor(s) Martindell

Date Introduced Pre-filed

Committee: Assembly Banking & Insurance

Senate Labor, Industry & Professions

Amended during passage Yes No Amendments during passage denoted by asterisks

Date of passage: Assembly November 28, 1977

Senate September 30, 1976

Date of approval January 31, 1978

Following statements are attached if available:

Sponsor statement Yes No
Committee Statement: Assembly Yes No
Senate Yes No
Fiscal Note Yes No
Veto message Yes No
Message on signing Yes No

Following were printed:

Reports Yes No
Hearings Yes No

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SENATE, No. 587

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1976 SESSION

By Senator MARTINDELL

AN ACT concerning mortgage escrow payments and supplementing
Title 17 of the Revised Statutes.

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

1 1. Notwithstanding any other law, no banking institution, sav-
2 ings and loan association, or mortgage company shall require a
3 mortgagor to increase payments to a mortgage escrow tax account
4 until such institution, association or company has received official
5 notification of an increase in taxes from the taxing district in
6 which the property is located. **The amount of any such increase*
7 *shall not exceed the amount required to meet the actual increase*
8 *in taxes.**

1 2. This act shall take effect immediately.

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

SENATE, No. 587

STATE OF NEW JERSEY

DATED: APRIL 21, 1977

This bill would prohibit any mortgagee who requires a mortgagor to maintain a tax escrow account from requiring an increase in the amount of the escrow payment until official notification of a tax increase has been received from the taxing district.

On occasion, banks have required mortgagors to increase payments in anticipation of an increase in property taxes; this can result in a bank's collecting, for a period of several weeks or months, more than is actually due to the taxing district.

The Assembly Banking and Insurance Committee notes that under certain circumstances the practice prohibited by this bill would be in violation of the Federal Real Estate Settlement Procedures Act, which provides that no mortgage lender may hold more than one-twelfth of the yearly amount of escrow fees which are due and payable.

SENATE LABOR, INDUSTRY AND
PROFESSIONS COMMITTEE

STATEMENT TO

SENATE, No. 587

with Senate committee amendment

STATE OF NEW JERSEY

DATED: MAY 24, 1976

Senate Bill No. 587 would prohibit a lending institution from increasing payments to mortgage escrow tax accounts on the basis of the institution's "estimate" of a tax increase, rather than actual notification from the taxing district of an increase in taxes.

The purpose would be to prevent homeowners from having to make tax escrow payments greater than would actually be needed to cover a higher tax bill.

However, since the committee felt the bill did not clearly address itself to the intended purpose (i.e., it does not prohibit an assessment of payments greater than are necessary), it adopted an amendment to the effect that "The amount of any such increase shall not exceed the amount required to meet the actual increase in taxes."