

17:1B-5.1 et al.

LEGISLATIVE HISTORY CHECKLIST

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Laws of 1976 Chapter 51

Bill No. A1456

Sponsor(s) Bornheimer

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Senate Revenue, Finance and Appropriations

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ASSEMBLY, No. 1456

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 3, 1976

By Assemblyman BORNHEIMER

Referred to Committee on Commerce, Banking and Insurance

AN ACT to amend the "New Jersey Mortgage Finance Agency Law," approved May 4, 1970 (P. L. 1970, c. 38) and amending P. L. 1975, c. 160.

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

1 1. Section 1 of P. L. 1975, c. 160 (C. 17:1B-5.1) is amended to
2 read as follows:

3 1. The Legislature hereby finds that national economic condi-
4 tions have caused the persistence of a critical shortage of adequate
5 housing in this State and a drastic decline in new housing starts;
6 that as a result an increasingly large number of New Jersey resi-
7 dents will be subjected to hardship in finding adequate, safe and
8 sanitary housing unless new housing is constructed and existing
9 housing, where appropriate, rehabilitated or improved; that unless
10 the supply of housing and the availability to residents of this State
11 of residential mortgage, rehabilitation, and improvement financing
12 is increased over present levels, a large number of residents of this
13 State will continue to be compelled to live in unsanitary, over-
14 crowded and unsafe conditions to the detriment of the health, wel-
15 fare and well-being of these residents and of the whole community
16 of which they are a part; and that an increase in the housing supply
17 of this State will assist in the clearance, replanning, development
18 and redevelopment of blighted areas and will ameliorate the critical
19 shortage of adequate housing.

20 It is hereby found that existing programs of the New Jersey
21 Mortgage Finance Agency will not be sufficient in the future to
22 meet the demands for available funds to assist in the financing of
23 the new residential mortgage loans and, where appropriate, the

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill
is not enacted and is intended to be omitted in the law.

24 rehabilitation or improvement of existing housing which is needed
25 to remedy the continuing housing crisis.

26 The Legislature hereby determines that in order to more effec-
27 tively promote the expansion of the supply of funds available for
28 residential mortgage, rehabilitation and improvement loans and
29 thus help alleviate the shortage of adequate housing in this State,
30 the New Jersey Mortgage Finance Agency shall be granted power
31 to raise funds from private investors and make those funds avail-
32 able through mortgage lending institutions and firms in this State
33 for new residential loans through the purchase by the agency of
34 existing **[mortgages]** *residential mortgage loans and residential*
35 *rehabilitation and improvement loans* from mortgage lending in-
36 stitutions and firms within the State during periods when there is
37 an inadequate supply of credit otherwise available in the State, any
38 particular area or areas of the State or available to persons or
39 families of the State of low or moderate income for residential
40 loans and that this program will be accomplished by the agency on
41 terms designed to assure the expansion of available funds in the
42 State or any such area or areas or for any such persons or families
43 while protecting against the realization by mortgage lending in-
44 stitutions and firms of any excessive financial return or benefit.

45 The Legislature further finds and determines that a secondary
46 mortgage market which will be provided by the **[mortgage]** *resi-*
47 *dential loan* purchase program of the agency will be an appropriate
48 and effective means of encouraging investment in New Jersey resi-
49 dential loans, of reducing the volatility of mortgage flows over the
50 business cycle, and of providing greater stability for the economy
51 of the State of New Jersey.

52 The Legislature further finds and determines that the shortage
53 of adequate housing in the State will be reduced if the present
54 authority of the New Jersey Mortgage Finance Agency to raise
55 funds from private investors and loan such funds to mortgage
56 lending institutions to make residential mortgage loans is extended
57 to permit the agency to loan such funds to mortgage lending insti-
58 tutions to make residential rehabilitation and improvement loans.

1 2. Section 3 of P. L. 1970, c. 38 (C. 17:1B-6) is amended to read
2 as follows:

3 3. The following words or terms as used in this act shall have
4 the following meanings unless a different meaning clearly appears
5 from the context:

6 (a) "Act" means this New Jersey Mortgage Finance Agency
7 Law.

8 (b) "Agency" means the New Jersey Mortgage Finance Agency
9 created by section 4 of the act.

10 (c) "Bonds" means bonds issued by the agency pursuant to the
11 act.

12 (d) "Mortgage lender" means any bank or trust company, sav-
13 ings bank, national banking association, savings and loan associa-
14 tion, or building and loan association maintaining an office in the
15 State, or any insurance company authorized to transact business
16 in the State.

17 (e) "New residential loan" means: (1) a loan made by a
18 mortgage lender or mortgage seller and secured by a mortgage
19 constituting a first lien upon real property (or a lease of the fee
20 of real property) located in the State and improved by a residential
21 building or unimproved if the proceeds of such loan shall be used
22 for the purpose of erecting a residential building thereon, or (2) a
23 loan made for the rehabilitation or improvement of a residence
24 whether or not secured by a mortgage; provided that such loan
25 shall be made from the proceeds of a loan made by the agency to
26 such mortgage lender or from the proceeds of a purchase of eligible
27 mortgages by the agency from such mortgage seller, as the case
28 may be, all pursuant to the act.

29 (f) "Notes" means notes issued by the agency pursuant to the
30 act.

31 (g) "State" means the State of New Jersey.

32 (h) "Eligible [mortgage] loan" means: (1) a loan made or
33 owned by a mortgage seller and secured by a mortgage on real
34 property (or lease of the fee of real property) located in the State
35 and improved by a residential building or unimproved if the pro-
36 ceeds of such loan shall be used for the purpose of erecting a
37 residential building thereof. The term eligible mortgage shall
38 include any undivided interest therein.], or (2) a loan made for
39 the rehabilitation or improvement of a residence which is not
40 secured by a mortgage provided that such a loan satisfies agency
41 regulations promulgated pursuant to this act. Any undivided
42 interest in a loan secured by a mortgage shall qualify as an eligible
43 loan.

44 (i) "Mortgage seller" means any bank or trust company, sav-
45 ings bank, national banking association, savings and loan associa-
46 tion, or building and loan association maintaining an office in the
47 State, or any insurance company or any mortgage banking firm
48 or mortgage banking corporation authorized to transact business
49 in the State, or any agency or instrumentality of the United States

50 *or the State or a palitical subdivision of the State, which is*
 51 *authorized to make residential mortgage, rehabilitation, or home*
 52 *improvement loans.*

53 (j) "Persons and families of low and moderate income" means
 54 persons and families, irrespective of race, creed, national origin or
 55 sex, determined by the agency to require assistance through any
 56 mortgage interest subsidy program or other special program estab-
 57 lished by the agency therefor on account of personal or family
 58 income not sufficient to afford adequate housing. In making such
 59 determination the agency shall take into account the following:
 60 (1) the amount of the total income of such persons and families
 61 available for housing needs, (2) the size of the family, (3) the cost
 62 and condition of housing facilities available, (i) the eligibility of
 63 such persons and families to compete successfully in the normal
 64 housing market and to pay the amounts at which private enterprise
 65 is providing sanitary, decent and safe housing. In the case of
 66 Federally subsidized mortgages with respect to which income limits
 67 have been established by any agency of the Federal Government
 68 having jurisdiction thereover for the purpose of defining eligibility
 69 of low and moderate income families, the agency may determine
 70 that the limits so established shall govern. In all other cases income
 71 limits for the purpose of defining low or moderate income persons
 72 shall be established by the agency in its rules and regulations.

1 3. Section 5 of P. L. 1975, c. 160 (C. 17:1B-9.1) is amended to
 2 read as follows:

3 5. In addition to the powers granted by section 5 of the act, the
 4 agency shall have the further power:

5 (a) To purchase or participate in the purchase, and to contract to
 6 purchase or participate in the purchase, of eligible **【mortgages】**
 7 *loans* owned by mortgage sellers and to enter into advance commit-
 8 ments to mortgage sellers for the purchase, or for participation
 9 in the purchase, of eligible **【mortgages】** *loans*, all subject to the
 10 applicable provisions of the act;

11 (b) To sell eligible **【mortgages】** *loans* acquired by the agency
 12 at public or private sale and at such price or prices and upon such
 13 terms and conditions as shall be determined by the agency;

14 (c) To enter into arrangements or agreements with mortgage
 15 sellers, which may be a part of any contract with the mortgage
 16 sellers for the purchase or participation in the purchase of eligible
 17 **【mortgages】** *loans*, containing such provisions as shall be deter-
 18 mined by the agency to be necessary or appropriate to provide
 19 security for its bonds or notes, including but not limited to provi-

20 sions requiring the repurchase of eligible **【mortgages】** *loans* or
21 participations therein by the mortgage sellers at the option of the
22 agency, payments of such premiums, fees, charges or other amounts
23 by mortgage sellers to provide a reserve or escrow fund for the
24 purposes, among others, of protecting against defaults with respect
25 to eligible **【mortgages】** *loans*, and provisions for the guarantee
26 by, or for recourse against, mortgage sellers with respect to defaults
27 on eligible **【mortgages】** *loans* of the agency;

28 (d) To enter into contracts for the servicing and custody of
29 eligible **【mortgages】** *loans* of the agency by mortgage sellers, which
30 contracts may provide for the payment of the reasonable value of
31 services rendered to the agency pursuant to such contracts;

32 (e) To renegotiate, refinance or foreclose, or contract for the
33 foreclosure of, any eligible **【mortgage】** *loans* in default; to waive
34 any default or consent to the modification of the terms of any
35 mortgage; to commence any action to protect or enforce any right
36 conferred upon it by any law, mortgage, insurance policy, contract
37 or other agreement, and to bid for and to purchase such property
38 at any foreclosure or at any other sale, or acquire or take possession
39 of any such property: to operate, manage, lease, dispose of, and
40 otherwise deal with such property; all in such manner as may be
41 necessary to protect the interest of the agency and the holders
42 of its bonds and notes;

43 (f) To procure insurance against any default with respect to
44 eligible **【mortgages】** *loans* in such amounts and from such insurers
45 as may be necessary or desirable;

46 (g) To establish, revise from time to time, charge and collect
47 such premiums, fees or other charges in connection with such pur-
48 chase of eligible **【mortgages】** *loans* from mortgage sellers, as the
49 agency shall determine and to apply such premiums, fees or charges
50 to such purposes or deposit the same in such funds or reserves,
51 as the agency shall determine; and

52 (h) To purchase or otherwise participate in the purchase of,
53 or enter into commitments or other contracts for such purchase
54 or participation, of eligible **【mortgages】** *loans* to persons and
55 families of low and moderate income and to provide subsidies or
56 other reductions of interest rates with respect to such **【mortgages】**
57 *loans*.

1 4. Section 6 of P. L. 1975, c. 160 (C. 17:1B-9.2) is amended to
2 read as follows:

3 6. a. The agency shall purchase eligible **【mortgages】** *loans* from
4 mortgage sellers within the State whenever it shall determine that

5 the supply of funds available in the State, any particular area or
6 areas of the State or for persons or families of the State of low or
7 moderate income for residential loans is inadequate and shall re-
8 quire such mortgage sellers to invest the proceeds thereof as rapidly
9 as possible in new residential loans, as provided in the act, unless
10 such eligible **【mortgages】** *loans* pursuant to a commitment with
11 the agency. The agency shall purchase such eligible **【mortgages】**
12 *loans* at such prices and upon such terms and conditions as it shall
13 determine.

14 (b) The agency shall from time to time adopt, modify, amend
15 or repeal rules and regulations governing the purchase of eligible
16 **【mortgages】** *loans* from mortgage sellers, including, without limita-
17 tion, rules and regulations as to any or all of the following:

18 (1) Procedures for the purchase of eligible **【mortgages】** *loans*
19 by the agency, whether by auction, invitation of tenders, or negotia-
20 tion;

21 (2) Standards and requirements as to allocations of purchases
22 of eligible **【mortgages】** *loans* among all or certain of the mortgage
23 sellers or among particular areas of the State;

24 (3) Limitations or restrictions as to the number of family units,
25 income levels for owners or occupants, or location or other quali-
26 fications or characteristics of residences to be financed by the new
27 residential loans to be made by mortgage sellers from the proceeds
28 of eligible **【mortgages】** *loans* or to be financed pursuant to com-
29 mitments with mortgage sellers with respect to the origination of
30 eligible **【mortgages】** *loans*;

31 (4) Restrictions as to the maturities and interest rates on such
32 new residential loans or the return realized therefrom by the mort-
33 gage sellers;

34 (5) *Standards and requirements for eligible loans which are not*
35 *secured by a mortgage;*

36 **【(5)】** (6) Any other matters related to the duties and the exer-
37 cise of the powers of the agency in connection with the purchase
38 of eligible **【mortgages】** *loans* under the act.

39 (c) Such rules and regulations and the terms and conditions for
40 the purchase of eligible **【mortgages】** *loans* and for the making of
41 new residential loans shall effectuate the general purposes of the
42 act and the following specific objectives: (1) the expansion of the
43 supply of funds in the State available for new residential loans;
44 (2) the provision of the additional housing needed to remedy the
45 shortage of adequate housing in the State and to eliminate the
46 existence of a large number of substandard dwellings; and (3)

47 the effective participation of mortgage sellers in the program au-
48 thorized by this section and the restriction of the financial return
49 and benefit thereto to that which is necessary to induce such par-
50 ticipation.

51 (d) The agency shall require as a condition of each purchase of
52 eligible **【mortgages】** *loans* from a mortgage seller that such mort-
53 gage seller proceed as promptly as practicable to make and
54 disburse from the proceeds thereof new residential loans in an
55 aggregate principal amount equal, as nearly as practicable, to the
56 amount of such proceeds from the purchase by the agency of eligi-
57 ble **【mortgages】** *loans* therefrom, provided that such requirements
58 shall not apply if the eligible **【mortgages】** *loans* so purchased were
59 originated pursuant to a commitment or other arrangement with
60 the agency.

61 (e) The agency shall require the submission to it by each mort-
62 gage seller from which the agency has purchased eligible **【mort-
63 gages】** *loans* evidence satisfactory to the agency of the making of
64 new residential loans or the application of the proceeds from the
65 purchase of eligible **【mortgages】** *loans* in accordance with commit-
66 ments with the agency for the origination of such eligible **【mort-
67 gages】** *loans* by the mortgage seller, as may be appropriate and in
68 connection therewith may, through its employees or agents, inspect
69 the books and records of such mortgage seller.

70 (f) The agency may require as a condition of any purchase of
71 eligible **【mortgages】** *loans* from mortgage sellers such representa-
72 tions and warranties as it shall determine to be necessary in con-
73 nection with such purchase and to carry out the purposes of the act.

74 (g) All new residential loans made as required by this section
75 shall comply as to the applicable provisions of the laws of the
76 State, and, where Federal law or the law of another jurisdiction
77 governs the affairs of the mortgage seller, shall comply with the
78 applicable provisions of such law.

79 (h) Compliance by any mortgage seller with the terms of its
80 agreement with or undertaking to the agency with respect to the
81 making of any new residential loans may be enforced by decree
82 of the Superior Court. The agency may require as a condition of
83 purchase of eligible **【mortgages】** *loans* from any mortgage seller
84 the consent of such mortgage seller to the jurisdiction of the Su-
85 perior Court over any such proceeding. The agency may also re-
86 quire agreement by any mortgage seller, as a condition of the
87 agency's purchase of eligible **【mortgages】** *loans* from such mort-
88 gage seller, to the payment of penalties to the agency for violation

89 by the mortgage seller of its undertakings to the agency, and such
90 penalties shall be recoverable at the suit of the agency.

91 (i) Whenever any eligible **[mortgage]** *loans* purchased by the
92 agency is to be held or serviced by a mortgage seller, a statement
93 designating the eligible **[mortgage]** *loan* being so held or serviced
94 and the mortgage seller so holding or servicing and setting forth
95 the agency's interest in such eligible **[mortgage]** *loan* may be filed
96 with the Secretary of State and no possession, further filing, or
97 other action under Title 12A, Commercial Transactions, of the New
98 Jersey Statutes or any other law of the State shall be required to
99 perfect any security interest which may be deemed to have been
100 created in favor of the agency. The mortgage seller shall, in any
101 such case, be and be deemed to be the trustee of an express trust
102 for the benefit of the agency in all matters relating to any such
103 eligible **[mortgage]** *loan*.

104 (j) Notwithstanding the provisions of section 213.1 of P. L.
105 1948, c. 64 (C. 17:9A-213.1) or any other provision of law to the
106 contrary any mortgage seller may, in connection with the sale of
107 eligible **[mortgages]** *loans* to the agency pursuant to the act, enter
108 into such arrangements or agreements with the agency as are au-
109 thorized under and contemplated by the act, including, without
110 limitation, provisions requiring the repurchase of eligible **[mort-**
111 **gages]** *loans* or participations therein by the mortgage seller at the
112 option of the agency, the payment of such premiums, fees or charges
113 or other amounts by the mortgage seller to provide a reserve or
114 escrow for the purposes, among others, of protecting against de-
115 faults with respect to eligible **[mortgages]** *loans*, and provisions
116 for the guarantee by, or for recourse against, the mortgage seller
117 with respect to defaults on eligible **[mortgages]** *loans* of the
118 agency.

1 5. Section 7 of P. L. 1970, c. 38 (C. 17:1B-10) is amended to read
2 as follows:

3 7. (a) The agency shall have the power and is hereby authorized
4 from time to time to issue its bonds or notes in such principal
5 amounts as in the opinion of the agency shall be necessary to
6 provide sufficient funds for any of its corporate purposes, including
7 the making of loans to mortgage lenders, the purchase of eligible
8 **[mortgages]** *loans* from mortgage sellers, the payment, funding or
9 refunding of the principal of, or interest or redemption premiums
10 on, any bonds or notes issued by it whether the bonds or notes or
11 interest to be funded or refunded have or have not become due,
12 the establishment or increase of such reserves to secure or to pay.

13 such bonds or notes or interest thereon, or to provide, insure or
14 otherwise protect against defaults on or prepayment of eligible
15 **【mortgages】 loans**, and all other costs or expenses of the agency
16 incident to and necessary or convenient to carry out its corporate
17 purposes and powers.

18 (b) Except as may be otherwise expressly provided in the act
19 or by the agency, every issue of bonds or notes shall be general
20 obligations payable out of any revenues or funds of the agency,
21 subject only to any agreements with the holders of particular bonds
22 or notes pledging any particular revenues or funds. The agency
23 may issue such types of bonds or notes as it may determine,
24 including bonds or notes as to which the principal and interest are
25 payable (1) exclusively from the revenues of the agency resulting
26 from the loans to mortgage lenders made with the proceeds of
27 such bonds or notes or from the payments on account of principal
28 of and interest on eligible **【mortgages】 loans** purchased from
29 mortgage sellers or other premiums, fees or charges paid by such
30 mortgage sellers; (2) exclusively from the revenues of the agency
31 resulting from certain loans made to mortgage lenders or resulting
32 from the purchases of certain eligible **【mortgages】 loans** whether
33-35 or not such loans were made or such eligible **【mortgages】 loans**
36 purchased in whole or in part from the proceeds of such bonds or
37 notes; or (3) from its revenues generally. Any such bonds or notes
38 may be additionally secured by a pledge of any grant, subsidy or
39 contribution from the United States of America or any agency or
40 instrumentality thereof or the State or any agency, instrumentality
41 or political subdivision thereof, or any person, firm or corporation,
42 or a pledge of any income or revenues, funds or moneys of the
43 agency from any source whatsoever.

44 (c) Whether or not the bonds and notes are of such form and
45 character as to be negotiable instruments under the terms of
46 Title 12A, Commercial Transactions, New Jersey Statutes, the
47 bonds and notes are hereby made negotiable instruments within the
48 meaning of and for all the purposes of said Title 12A, subject only
49 to the provisions of the bonds and notes for registration.

50 (d) Bonds or notes of the agency shall be authorized by a
51 resolution or resolutions of the agency and may be issued in one
52 or more series and shall bear such date or dates, mature at such
53 time or times, bear interest at such rate or rates of interest per
54 annum or within such maximum rate, be in such denomination or
55 denominations, be in such form, either coupon or registered, carry
56 such conversion or registration privileges, have such rank or

57 priority, be executed in such manner, be payable from such sources
58 in such medium of payment at such place or places within or
59 without the State, and be subject to such terms of redemption (with
60 or without premium) as such resolution or resolutions may provide.

61 (e) Bonds or notes of the agency may be sold at public or private
62 sale at such price or prices and in such manner as the agency shall
63 determine. Every bond shall mature and be paid not later than
64 40 years from the date thereof, and every note shall mature and
65 be paid not later than 5 years from the date thereof.

66 (f) Bonds or notes may be issued under the provisions of the
67 act without obtaining the consent of any department, division,
68 commission, board, bureau or agency of the State, and without
69 any other proceeding or the happening of any other conditions
70 or other things than those proceedings, conditions or things which
71 are specifically required by the act.

72 (g) Bonds and notes of the agency issued under the provisions
73 of the act shall not be in any way a debt or liability of the State
74 or of any political subdivision thereof other than the agency and
75 shall not create or constitute any indebtedness, liability or obliga-
76 tion of the State or of any such political subdivision or be or
77 constitute a pledge of the faith and credit of the State or of any
78 such political subdivision but all such bonds and notes, unless
79 funded or refunded by bonds or notes of the agency, shall be pay-
80 able solely from revenues or funds pledged or available for their
81 payment as authorized in the act. Each bond and note shall con-
82 tain on its face a statement to the effect that the agency is obli-
83 gated to pay the principal thereof or the interest thereon only
84 from revenues or funds of the agency and that neither the State
85 nor any political subdivision thereof is obligated to pay such
86 principal or interest and that neither the faith and credit nor the
87 taxing power of the State or any political subdivision thereof is
88 pledged to the payment of the principal of or the interest on such
89 bonds or notes.

90 (h) All expenses incurred in carrying out the provisions of the
91 act shall be payable solely from revenues or funds provided or
92 to be provided under the provisions of the act and nothing in
93 the act shall be construed to authorize the agency to incur any
94 indebtedness or liability on behalf of or payable by the State or
95 any political subdivision thereof.

1 6. Section 8 of P. L. 1970, c. 38 (C. 17:1B-11) is amended to
2 read as follows:

3 8. Any resolution or resolutions authorizing any bonds or notes
4 of the agency may contain provisions which shall be a part of the

5 contract with the holders of such bonds or notes, as to the following:

6 (1) The pledging of or creating of a lien on, as security for the
7 payment of the principal and redemption price of and interest
8 on any bonds or notes of the agency, all or any part of its revenues
9 or assets to which its right then exists or may thereafter come
10 into existence, and the moneys derived therefrom, including the
11 loans made to mortgage lenders pursuant to the act and the revenues
12 therefrom and the rights and interests of the agency in and to any
13 collateral securing such loans and the collections and proceeds
14 therefrom, the eligible **【mortgages】** *loans* and all payments on
15 account of principal and interest with respect thereto and all other
16 premiums, fees and charges payable by mortgage sellers, all or any
17 part of any money, funds or property held in trust or otherwise
18 by others for the payment of any such loans to mortgage lenders
19 or such eligible **【mortgage】** *loans*, or any bonds or notes of the
20 agency, and all or any part of the proceeds of any bonds or notes,
21 and covenanting against pledging all or any part of such revenues,
22 assets, moneys, funds or property, or against permitting or suffer-
23 ing any lien thereon;

24 (2) Otherwise providing for the custody, collection, securing,
25 investment and payment of any revenues, assets, moneys, funds
26 or property of the agency or with respect to which the agency may
27 have any rights or interest;

28 (3) The use and disposition of any and all payments of principal
29 or interest received by the agency with respect to loans to mortgage
30 lenders or eligible **【mortgages】** *loans* or any income or proceeds
31 from investments held by the agency or other income, revenues or
32 receipts of the agency;

33 (4) The establishment and setting aside of reserves or sinking
34 funds and the regulation and disposition thereof;

35 (5) The custody, application and disposition of the proceeds of
36 any bonds or notes;

37 (6) Limitations on the issuance of additional bonds or notes,
38 the terms upon which additional bonds or notes may be issued
39 and secured, and on the refunding of other bonds or notes;

40 (7) The rank or priority of any such bonds or notes with respect
41 to any lien or security or as to the acceleration of the maturity
42 of any such bonds or notes;

43 (8) The creation of special funds or moneys to be held in trust
44 or otherwise for operating expenses, payment or redemption of
45 bonds or notes, reserves against defaults or prepayments of eligible
46 **【mortgages】** *loans* or for other purposes and as to the use and
47 disposition of the moneys held in such funds;

48 (9) The procedure, if any, by which the terms of any contract
49 or covenant with or for the benefit of the holders of bonds or notes
50 may be amended or abrogated, the amount of bonds or notes the
51 holders of which must consent thereto, and the manner in which
52 such consent may be given;

53 (10) The custody of any of its properties or investments, the
54 safekeeping thereof, the insurance to be carried thereon, and the
55 use and disposition of insurance moneys;

56 (11) The time or manner of enforcement or restraint from en-
57 forcement of any rights of the agency arising by reason of or with
58 respect to nonpayment of principal or interest with respect to
59 loans to mortgage lenders or any rights to or security interest in
60 the collateral securing such loans or arising with respect to the
61 default with respect to any eligible **[mortgage]** loan;

62 (12) Defining the acts or omissions to act which shall constitute
63 a default in the obligations and duties of the agency and providing
64 for the rights and remedies of the holders of bonds or notes in
65 the event of such default, provided, however, that such rights and
66 remedies shall not be inconsistent with the general laws of the
67 State and other provisions of the act;

68 (13) Vesting in a trustee or trustees within or without the State
69 such properties, rights, powers and duties in trust as the agency
70 may determine, which may include any or all of the rights, powers
71 and duties of any trustee appointed by the holders of any bonds
72 or notes pursuant to section 9 of the act and to limit or abrogate
73 the right of the holders of any bonds or notes of the agency to
74 appoint a trustee under the act or limiting the rights, powers and
75 duties of such trustee;

76 (14) Appointing and providing for the duties and obligations of
77 a paying agent or paying agents or such other fiduciaries within
78 or without the State;

79 (15) Any other matters of like or different character which in
80 any way affect the security and protection of the bonds or notes
81 and the rights of the holders thereof.

1 7. Section 9 of P. L. 1970, c. 38 (C. 17:1B-12) is amended to
2 read as follows:

3 9. (a) In the event that the agency shall default in the payment
4 of principal of or interest on any issue of bonds or notes after
5 the same shall become due, whether at maturity or upon call for
6 redemption, and such default shall continue for a period of 30 days,
7 or in the event that the agency shall fail or refuse to comply with
8 the provisions of the act or shall fail or refuse to carry out and

9 perform the terms of any contract with the holders of any such
10 bonds or notes and such failure or refusal shall continue for a
11 period of 30 days after written notice to the agency of its existence
12 and nature, the holders of 25% in aggregate principal amount of
13 such issue of bonds or notes then outstanding by instrument or
14 instruments filed in the office of the Secretary of State and proved
15 or acknowledged in the same manner as a deed to be recorded,
16 may appoint a trustee to represent the holders of such bonds or
17 notes for the purpose provided in this section.

18 (b) Such trustee may and upon written request of the holders
19 of 25% in aggregate principal amount of such bonds or notes then
20 outstanding shall, in his or its own name:

21 (1) By any action, writ, or other proceeding, enforce all rights
22 of the holders of such bonds or notes, including the right to collect
23 and enforce the payment of principal of and interest due or becom-
24 ing due on loans to mortgage lenders and collect and enforce any
25 collateral securing such loans or sell such collateral and the right
26 to cause the foreclosure of any eligible mortgage **[mortgage]** loan,
27 and to sell any property purchased at any such foreclosure, so as
28 to carry out any contract as to, or pledge of, revenues, and to
29 require the agency to carry out and perform the terms of any
30 contract with the holders of such bonds or notes or its duties under
31 the act;

32 (2) Bring suit upon all or any part of such bonds or notes;

33 (3) By action, require the agency to account as if it were the
34 trustee of an express trust for the holders of such bonds;

35 (4) By action, enjoin any acts or things which may be unlawful
36 or in violation of the rights of the holders of such bonds or notes; or

37 (5) Declare all such bonds or notes due and payable, whether
38 or not in advance of maturity, upon 30 days' prior notice in writing
39 to the agency, and, if all defaults shall be made good, then with
40 the consent of the holders of 25% of the principal amount of such
41 bonds then outstanding, annul such declaration and its con-
42 sequences.

43 (c) Such trustee shall, in addition to the foregoing, have and
44 possess all of the powers necessary or appropriate for the exercise
45 of the functions specifically set forth herein or incident to the
46 general representation of the holders of bonds or notes in the
47 enforcement and protection of their rights.

48 (d) In any action or proceeding by such trustee, the fees, counsel
49 fees and expenses of the trustee, if any, appointed pursuant to this
50 act, shall constitute taxable costs and disbursements, and all costs

51 and disbursements, allowed by the court, shall be a first charge
52 upon any revenues, moneys, funds or property of the agency
53 pledged for the payment or security of such issue of bonds or notes.

1 8. This act shall take effect immediately.

STATEMENT

This bill will enable the Mortgage Finance Agency to purchase home improvement loans. In particular, the Mortgage Finance Agency will be able to purchase home improvement loans which are 90% insured by the Federal Housing Administration. Mortgage Finance Agency commitments to purchase such loans will result in lenders providing lower interest home improvement loans.

This bill substitutes the term "eligible loan" for "eligible mortgage." In addition to a loan secured by a mortgage on real property, an eligible loan also includes "a loan made for the rehabilitation or improvement of a residence which is not secured by a mortgage provided that such a loan satisfies agency regulations." Also the bill adds "any agency of the United States or the state or a political subdivision of the state which is authorized to make residential mortgage, rehabilitation, or home improvement loans" to the definition of a "mortgage seller."

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SENATE REVENUE, FINANCE AND
APPROPRIATIONS COMMITTEE

STATEMENT TO
ASSEMBLY, No. 1456

STATE OF NEW JERSEY

DATED: MAY 13, 1976

This bill amends the "New Jersey Mortgage Finance Agency Law" enabling the Mortgage Finance Agency to purchase home improvement loans. The agencies present authority extends to the purchase of mortgages.