

LEGISLATIVE FACT SHEET

ON *Mtg. loan cert - Interest rate*

N.J.R.S. 31:1-1

( 1972 Amendment)

LAWS OF 1972

CHAPTER 99 *July 18, 1972*

SENATE

ASSEMBLY 652 (A 719 OCR-1970)

INTRODUCED *Feb. 10, 1972*

BY *Kaltenbacher, Keen, Dennis, Orschio*

STATEMENT

YES  NO

AMENDED DURING PASSAGE

YES  NO

HEARING

VETO

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ASSEMBLY, No. 719

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 16, 1970

By Assemblymen KALTENBACHER, THOMAS, DE KORTE,  
MORAITES, PFALTZ, CAFIERO and GOLDFARB

Referred to Committee on Banking

AN ACT concerning interest and usury and amending R. S. 31:1-1.

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

1 1. R. S. 31:1-1 is amended to read as follows:

2 31:1-1. (a) Except as otherwise provided by law, no person shall,  
3 upon contract, take, directly or indirectly, for loan of any money,  
4 wares, merchandise, goods and chattels, above the value of \$6.00 for  
5 the forbearance of \$100.00 for a year, *the total amount or the*  
6 *value of which is less than \$50,000.00*, and after that rate for a  
7 greater or less sum or for longer or shorter time; and except  
8 further, that the Commissioner of Banking and Insurance, with  
9 the advice of a special advisory board constituted as hereinafter  
10 provided, may by regulation adopted, amended and rescinded from  
11 time to time, provide that the value which may be taken for any  
12 such loan shall be a value more than \$6.00 but not more than \$8.00  
13 for the forbearance of \$100.00 for a year, as shall be prescribed in  
14 such regulation, and after that rate for a greater or less sum or for  
15 longer or shorter time. The special advisory board herein provided  
16 for shall consist of the members of the Banking Advisory Board  
17 as constituted pursuant to Article 43 of the Banking Act of 1948,  
18 P. L. 1948, chapter 67, plus two additional persons appointed by the  
19 Governor with the advice and consent of the Senate, one of whom  
20 shall be an officer of an association as defined in section 5 (3) of the  
21 Savings and Loan Act (1963), P. L. 1963, chapter 144, and the other  
22 of whom shall be an officer of a life insurance company incor-  
23 porated under the laws of this State. The two additional persons so  
24 appointed shall hold office for a term of 1 year. When, however,  
25 pursuant to any such contract, interest or discount is taken or  
26 reserved for a period of less than 1 year, or when interest is re-

27 quired to be paid at intervals of less than 1 year, such interest or  
28 discount may be computed on a daily basis, or on a monthly basis,  
29 or on a combination of both such bases when the period for which  
30 interest or discount is taken or reserved contains 1 or more months  
31 and 1 or more days; and, in any such case, a day shall be deemed  
32 to be a  $1/360$  part of a year, and a month shall be deemed to be a  
33  $1/12$  part of a year, regardless of the number of days contained in  
34 such month. Any computation of interest or discount made on any  
35 such basis shall constitute a compliance with this section, and any  
36 such basis may be applied regardless whether the principal debt  
37 is payable in more than or less than 1 year from the time of making  
38 the loan.

39 (b) In making, amending and rescinding regulations pursuant  
40 to subsection (a) of this section, the Commissioner of Banking  
41 and Insurance and the special advisory board shall consider the  
42 general state of the economy, the discount rates prescribed by the  
43 Federal Reserve Bank of New York and the Federal Reserve  
44 Bank of Philadelphia, the advance rate as prescribed by the Federal  
45 Home Loan Bank of New York, the availability of funds for loans,  
46 studies and statistics published by the Federal Home Loan Bank  
47 Board and other agencies of the United States and of this State,  
48 and such other factors and bases for determination as the commis-  
49 sioner and the board may deem pertinent. The rate established by  
50 any such regulation shall reasonably reflect prevailing market  
51 conditions, regionally and nationally, based upon the studies,  
52 statistics and factors considered, and shall remain in force until  
53 such time as such regulation is rescinded or such rate is increased  
54 or decreased by a subsequent regulation. Any such regulation shall  
55 have prospective effect only.

1 2. This act shall take effect immediately.

ASSEMBLY COMMITTEE AMENDMENT TO  
**ASSEMBLY, No. 719**

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**STATE OF NEW JERSEY**

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ADOPTED APRIL 1, 1971

Amend page 1, section 1, line 6, after "\$50,000.00," insert "or where the security given for the loan is a mortgage on real property consisting of a lot of land upon which there is constructed or in the course of construction a dwelling house of three family units or less, at least one of which is occupied by, or is to be occupied by, the borrower,".