

LEGISLATIVE HISTORY CHECKLIST

NJSA 17:12B-11; 17:12B-155; 17:12B-167

Laws of 1974 Chapter 145

Bill No. S 747

Sponsor(s) Maressa

Date Introduced February 4

Committee: Assembly Banking & Insurance

Senate Labor, Industry & Professions

Amended during passage ~~Yes~~ No

Date of passage: Assembly May 9

Senate April 25

Date of approval November 11

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

DEPOSITORY COPY  
Do Not Remove From Library

10/4/76

1977

SENATE, No. 747

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 4, 1974

By Senator MARESSA

Referred to Committee on Labor, Industry and Professions

AN ACT to amend the "Savings and Loan Act (1963)," approved August 30, 1963 (P. L. 1963, c. 144).

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

1 1. Section 11 of P. L. 1963, c. 144 (C. 17:12B-11) is amended to  
2 read as follows:

3 11. "First lien." A mortgage upon real property or a mortgage  
4 upon a lease of the fee of real property shall be deemed a first lien  
5 as follows:

6 (a) A mortgage upon real property shall be deemed a first lien  
7 notwithstanding the existence of a prior mortgage or mortgages  
8 held by the association, or liens of taxes or assessments which are  
8A not delinquent, building restrictions or other restrictive covenants  
8B or conditions, leases or tenancies whereby rents or profits are  
9 reserved to the owner, joint driveways, sewer rights, rights in  
10 walls, rights-of-way or other easements, or encroachments which  
11 **[in the opinion of an officer of the association, designated for that**  
12 **purpose by the board,]** do not materially affect the security for  
13 the mortgage loan.

14 (b) A mortgage upon a lease of the fee of real property shall  
15 be deemed a first lien notwithstanding the existence of liens of  
16 taxes or assessments which are not delinquent, building restrictions  
17 or other restrictive covenants or conditions, joint driveways, sewer  
18 rights, rights in walls, rights-of-way or other easements, or en-  
19 croachments which **[, in the opinion of an officer of the association,**  
20 **designated for that purpose by the board,]** do not materially affect  
21 the security for the mortgage loan.

22 (c) A mortgage upon an apartment which is part of a horizontal  
23 property regime, established under the "Horizontal Property

**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 Act," P. L. 1963, c. 168 (C. 46:8A-1 et seq.) or upon a unit which  
 25 is part of a condominium established pursuant to the "Condomin-  
 26 ium Act," P. L. 1969, c. 257 (C. 46:8B-1 et seq.) shall be deemed a  
 27 first lien notwithstanding the existence of other proportionate un-  
 28 divided [interest] interests in the "general common elements" or  
 29 "common elements" of such horizontal property regime or con-  
 30 dominium, as the case may be, as the same are defined in the "Hori-  
 31 zontal Property Act," and the "Condominium Act," respectively,  
 32 and notwithstanding the indivisibility of such common elements or  
 33 the existence of a prior mortgage or mortgages held by the associa-  
 34 tion upon such apartment or unit or the existence of a prior mort-  
 35 gage or mortgages on other apartments or units within the particu-  
 36 lar horizontal property regime or condominium, as the case may be,  
 37 regardless of whether such prior mortgages are held by the associa-  
 38 tion or any other mortgagee and notwithstanding liens of taxes  
 39 or assessments which are not delinquent, building restrictions or  
 40 other restrictive covenants or conditions, leases or tenancies  
 41 whereby rents or profits are reserved to the owner, or other ease-  
 42 ments or encroachments which [in the opinion of an officer of the  
 43 association, designated for that purpose by the board,] do not  
 44 materially affect the security for the mortgage loan.

45 (d) Every mortgage shall be certified to be a first lien by an  
 46 attorney at law of the state in which the real property is located,  
 47 or certified or guaranteed to be a first lien by a corporation au-  
 48 thorized to guarantee titles to real property in such state.

1 2. Section 155 of P. L. 1963, c. 144 (C. 17:12B-155) is amended  
 2 to read as follows:

3 155. Other loans. Other loans may be made as follows:

4 A. Account loans. Loans secured by a pledge of a member's  
 5 savings account. No such loan shall exceed the withdrawal value  
 6 of the pledged account, less interest thereon for a period of 6  
 7 months. Interest on such loans shall not be charged at a rate in  
 8 excess of the maximum permitted under the provisions of R. S.  
 9 31:1-1 unless a higher rate is required by any applicable Federal  
 10 regulation that establishes minimum rates that must be charged  
 11 on loans secured by savings accounts; in which event, the interest  
 12 charged shall not be greater than that specified by such Federal  
 13 regulation.

14 B. Purchase of loans. An association may purchase any mort-  
 15 gage loan, property repair, alteration, improvement or rehabilita-  
 16 tion loan, or any other loan which an association is authorized  
 17 to make.

18 C. Loans secured by a mortgage upon a lease of the fee of real  
19 property. Any association may invest in any obligation secured  
20 by a mortgage which is a first lien, as defined in section 11 of this  
21 act, on a lease of the fee of real property located in this State.  
22 The term of the leasehold interest securing such loan shall be not  
23 less than 50 years from the date such loan is granted, otherwise;  
24 such loans shall be made pursuant to sections 146 through 154, 167  
25 and 168 of this act.

26 D. Camp meeting leaseholds. An association may invest in any  
27 obligation secured by a first mortgage, as defined in section 11 of  
28 this act, on any leasehold estate of real estate, in this State, of  
29 any camp meeting association, to the extent authorized by, and  
30 subject to, the limitations and restrictions contained in R. S. 17:2-1.

31 E. Loans otherwise authorized. An association may make any  
32 other loan which it may be authorized to make by any law of this  
33 State.

34 F. Loans on apartments or units established under the "Hori-  
35 zontal Property Act[.]" or the *Condominium Act.*" An associa-  
36 tion may invest in any obligation secured by a mortgage which is  
37 a first lien, as defined in section 11 of this act, on an apartment  
38 which is part of a horizontal property regime established under  
39 the "Horizontal Property Act[.]" or upon a unit which is part  
40 of a condominium established under the "*Condominium Act.*" All  
41 such loans shall be made pursuant to sections 146 through 154, 167  
42 and 168 of this act.

43 G. Educational loans. In addition to the authority otherwise  
44 granted by law for an association to make loans guaranteed or  
45 insured in whole or in part by the United States of America or the  
46 State of New Jersey, or any instrumentality or agency of either  
47 of them, or for which a commitment to so guarantee or insure has  
48 been made, an association may make any loans so guaranteed or  
49 insured or for which a commitment to so guarantee or insure has  
50 been made where such loans are made for the purpose of financing  
51 the expenses of higher education. Such loans may be made in ac-  
52 cordance with the terms and conditions permitted by the guaran-  
53 teeing or insuring authority, notwithstanding any other provisions  
54 of law limiting interest or other charges or prescribing other terms  
55 and conditions.

56 H. Loans on building lots. An association may invest in any  
57 obligation secured by a mortgage which is a first lien on a building  
58 lot, where it is represented by the borrower at the time the loan is  
59 made that he intends to build or have built a dwelling on the build-  
60 ing lot for his own use and occupancy. The amount of such loan

61 shall not exceed 80% of the value of the real estate as found by  
62 appraisal at the time the loan is granted and shall be a direct  
63 reduction loan as defined in section 5 of this act, which shall require  
64 periodic payments sufficient to pay the principal and interest on  
65 the loan in full over a period of 10 years or less.

1 3. Section 167 of P. L. 1963, c. 144 (C. 17:12B-167) is amended  
2 to read as follows:

3 167. Appraisals. No investment in any mortgage loan shall be  
4 made until one or more appraisals of the value of the real estate  
5 or interest therein to be loaned upon shall have been made and until  
6 the loan shall have been approved by the board or by a committee  
7 of the board designated for that purpose. Where the amount of  
8 the mortgage loan is over \$25,000.00 and is or will be secured by a  
9 property which includes more than four family dwelling units, such  
10 appraisal shall be made by at least two persons, one of whom shall  
11 be an officer, director or employee of the association and the other  
12 shall be an independent qualified appraiser, not an officer, director  
13 or employee of the association. Otherwise the appraisal shall be  
14 made by at least two persons, one of whom shall be an officer, di-  
15 rector or employee of the association or in lieu thereof, by an in-  
16 dependent qualified appraiser, not an officer, director or employee  
17 of the association. The appraisal report of each appraiser shall  
18 be signed by him and shall be filed and preserved among the records  
19 of the association. Where more than one person appraises the real  
20 estate in question, a joint report or separate reports may be filed.

21 In the case of a mortgage loan secured by a lease of the fee of  
22 real property, the appraisal report shall also state an opinion as  
23 to the value of the leasehold interest to be subject to the mortgage.

24 In the case of a mortgage loan secured by an apartment which is  
25 part of a horizontal property regime, established under the "Hori-  
26 zontal Property Act," or by a unit which is part of a condominium  
27 established under the "Condominium Act," the appraisal report  
28 shall consider the percentage value of *interests in the* general com-  
29 mon elements [and], limited common elements *and common ele-*  
30 *ments* in stating an opinion as to the value of the apartment or  
31 *unit* interest to be subject to the mortgage.

1 4. This act shall take effect immediately.

LAWRENCE  
SECRET REMOVE

SENATE LABOR, INDUSTRY AND PROFESSIONS  
COMMITTEE

STATEMENT TO  
SENATE, No. 747

---

STATE OF NEW JERSEY

---

DATED: APRIL 16, 1974

This bill amends several sections of the Savings and Loan Act (1963). It authorizes savings and loan associations to make loans under the Condominium Act as well as the Horizontal Property Act. It amends the definition of "first lien" by eliminating the requirement for a designated officer of the association to certify the effect on value of building restrictions, sewer rights, and other easements and encroachments. It gives specific authority for certification of title to title companies or attorneys-at-law. This bill also amends provisions in the Savings and Loan Act regarding account loans. It allows savings and loan associations to charge interest in excess of that permitted under the State usury law on account loans when required by Federal regulations. The interest rate on such loans would be in accordance with the Federal regulations.