

17:46A-2

LEGISLATIVE HISTORY CHECKLIST
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(Mortgage guaranty insurance)

NJSA: 17:46A-2

LAWS OF: 1994 **CHAPTER:** 103

BILL NO: A1620

SPONSOR(S): Bateman and others

DATE INTRODUCED: April 25, 1994

COMMITTEE: **ASSEMBLY:** Financial Institutions
SENATE: State Management

AMENDED DURING PASSAGE: Yes Amendments during passage
denoted by superscript numbers

DATE OF PASSAGE: **ASSEMBLY:** May 16, 1994
SENATE: June 30, 1994

DATE OF APPROVAL: August 11, 1994

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

KBG:pp

[SECOND REPRINT]
ASSEMBLY, No. 1620

STATE OF NEW JERSEY

INTRODUCED APRIL 25, 1994

By Assemblymen BATEMAN, LUSTBADER and Jones

1 AN ACT concerning mortgage guaranty insurance and amending
2 P.L.1968, c.248.

3

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

6 1. Section 2 of P.L.1968, c.248 (C.17:46A-2) is amended to
7 read as follows:

8 2. Definitions. The definitions set forth in this section shall
9 govern the construction of the terms used in this act.

10 (a) "Mortgage guaranty insurance" means (1) insurance against
11 financial loss by reason of nonpayment of principal, interest and
12 other sums agreed to be paid under the terms of any note or bond
13 or other evidence of indebtedness secured by a mortgage, deed of
14 trust, or other instrument constituting a lien or charge on real
15 estate, provided the improvement on such real estate is a
16 residential building or a condominium unit or buildings designed
17 for occupancy by not more than four families;

18 (2) Insurance against financial loss by reason of nonpayment of
19 principal, interest or other sums agreed to be paid under the
20 terms of any note or bond or other evidence of indebtedness
21 secured by a mortgage, deed of trust or other instrument
22 constituting a lien or charge on real estate, provided the
23 improvement on such real estate is a building or buildings
24 designed for occupancy by five or more families or designed to be
25 occupied for industrial or commercial purposes;

26 (3) Insurance against financial loss by reason of nonpayment of
27 rent or other sums agreed to be paid under the terms of a written
28 lease for the possession, use or occupancy of real estate, provided
29 the improvement on such real estate is a building or buildings
30 designed to be occupied for industrial or commercial purposes.

31 (b) "Authorized real estate security" means a note, bond or
32 other evidence of indebtedness not exceeding [95%] ¹[97 percent]
33 ²[95%¹] 97 percent² of the fair market value of the real estate,
34 secured by a mortgage, deed of trust, or other instrument
35 constituting a first lien or charge on real estate ²[¹, except if the
36 real estate loan is made to a low- or moderate-income borrower
37 or to a first time homebuyer and is made pursuant to a program
38 designed to foster affordable housing, "authorized real estate
39 security" means a note, bond or other evidence of indebtedness
40 not exceeding 97% of the fair market value of the real estate,
41 secured by a mortgage, deed of trust, or other instrument
42 constituting a first lien or charge on real estate¹²; provided:

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly AFI committee amendments adopted May 2, 1994.

² Assembly floor amendments adopted May 9, 1994.

1 (1) The real estate loan secured in such manner is one which a
2 bank, savings and loan association, or an insurance company,
3 which is supervised and regulated by a department of this State
4 or an agency of the Federal Government, is authorized to make.

5 (2) The improvement on such real estate is a building or
6 buildings are designed for occupancy as specified by subsections
7 (a)(1) and (a)(2) of this section.

8 (3) The lien on such real estate may be subject and subordinate
9 to the following:

10 (i) The lien of any public bond, assessment, or tax, when no
11 installment, call or payment of or under such bond, assessment or
12 tax is delinquent.

13 (ii) Outstanding mineral, oil or timber rights, rights-of-way,
14 easements or rights-of-way or support, sewer rights, building
15 restrictions or other restrictions or covenants, conditions or
16 regulations of use, or outstanding leases upon such real property
17 under which rents or profits are reserved to the owner thereof.

18 (c) "Contingency reserve" means an additional premium
19 reserve established for the protection of policyholders against the
20 effect of adverse economic cycles.

21 (d) "Policyholders' surplus" means the aggregate of capital,
22 surplus and contingency reserve.

23 ²[1(e) "Low- or moderate-income borrower" means a borrower
24 whose family income does not exceed the amounts permitted
25 pursuant to section 143(f) of the federal Internal Revenue Code
26 of 1986 (26 U.S.C. §143(f)) as these amounts are adopted by the
27 New Jersey Housing and Mortgage Finance Agency pursuant to
28 the Home Buyers Program of the New Jersey Housing and
29 Mortgage Finance Agency.¹]²

30 (cf: P.L.1981, c.567, s.1)

31 2. This act shall take effect immediately.

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36 Increases loan to value amount permitted under mortgage
37 guaranty insurance.

1 (3) The lien on such real estate may be subject and subordinate
2 to the following:

3 (i) The lien of any public bond, assessment, or tax, when no
4 installment, call or payment of or under such bond, assessment or
5 tax is delinquent.

6 (ii) Outstanding mineral, oil or timber rights, rights-of-way,
7 easements or rights-of-way or support, sewer rights, building
8 restrictions or other restrictions or covenants, conditions or
9 regulations of use, or outstanding leases upon such real property
10 under which rents or profits are reserved to the owner thereof.

11 (c) "Contingency reserve" means an additional premium
12 reserve established for the protection of policyholders against the
13 effect of adverse economic cycles.

14 (d) "Policyholders' surplus" means the aggregate of capital,
15 surplus and contingency reserve.

16 (cf: P.L.1981, c.567, s.1)

17 2. This act shall take effect immediately.

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STATEMENT

21

22 This bill would permit mortgage guaranty insurance companies
23 to issue mortgage guaranty insurance for those notes, bonds, or
24 other evidences of indebtedness not exceeding 97 percent of the
25 fair market value of the real estate secured by a mortgage, deed
26 of trust, or other instrument constituting a first lien or charge on
27 real estate. Currently the indebtedness cannot exceed 95 percent.

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32 _____
33 Increases loan to value amount permitted under mortgage
guaranty insurance.

ASSEMBLY FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1620

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 2, 1994

The Assembly Financial Institutions Committee reports favorably and with committee amendments, Assembly, No. 1620.

This bill, as amended, would permit mortgage guaranty insurance companies to issue mortgage guaranty insurance for those notes, bonds, or other evidences of indebtedness not exceeding 97 percent of the fair market value of the real estate secured by a mortgage, deed of trust, or other instrument constituting a first lien or charge on real estate if the real estate loan is made to a low- or moderate-income borrower or first time homebuyer and is pursuant to a program designed to foster affordable housing. Currently the indebtedness cannot exceed 95 percent.

Amendments to the bill: limit such mortgage loans to low- and moderate-income borrowers and to first time homebuyers making a home purchase pursuant to a program designed to foster affordable housing; and define low- and moderate-income in a manner consistent with the standards set in section 143(f) of the federal Internal Revenue Code of 1986 (26 U.S.C. §143(f)) and adopted by the New Jersey Housing and Mortgage Finance Agency pursuant to the Home Buyers Program of the New Jersey Housing and Mortgage Finance Agency.

SENATE STATE MANAGEMENT, INVESTMENTS
AND FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

[SECOND REPRINT]
ASSEMBLY, No. 1620

STATE OF NEW JERSEY

DATED: JUNE 6, 1994

The Senate State Management, Investments and Financial Institutions Committee reports favorably Assembly, No. 1620 (2R).

This bill permits mortgage guaranty insurance companies to issue mortgage guaranty insurance for those notes, bonds or other evidences of indebtedness not exceeding 97 percent of the fair market value of the real estate secured by a mortgage, deed of trust, or other instrument constituting a first lien or charge on real estate. At present, the indebtedness cannot exceed 95 percent.