

17:11A-36

LEGISLATIVE HISTORY CHECKLIST
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(Secondary mortgage loans--
employers loans to employees--
exempt from licensure)

NJSA: 17:11A-36

LAWS OF: 1992 CHAPTER: 123

BILL NO: S72

SPONSOR(S) Brown

DATE INTRODUCED: Pre-filed

COMMITTEE: ASSEMBLY: Financial Institutions

SENATE: Commerce

AMENDED DURING PASSAGE: Yes Amendments during passage
denoted by asterisks

DATE OF PASSAGE: ASSEMBLY: October 8, 1992

SENATE: May 21, 1992

DATE OF APPROVAL: October 23, 1992

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

[FIRST REPRINT]
SENATE, No. 72
STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1992 SESSION

By Senator BROWN

1 AN ACT exempting employers from licensure as secondary
2 mortgage lenders under certain circumstances and amending
3 P.L.1970, c.205.
4

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

7 1. Section 3 of P.L.1970, c.205 (C.17:11A-36) is amended to
8 read as follows:

9 3. a. No person shall engage in the secondary mortgage loan
10 business in this State unless such person shall first obtain a
11 license under this act. For the purpose of this act, a person is
12 deemed to be engaged in the secondary mortgage loan business in
13 this State if: (a) such person advertises, causes to be advertised,
14 solicits, negotiates, offers to make or makes a secondary
15 mortgage loan in this State, whether directly or by any person
16 acting for his benefit; or (b) such person becomes the subsequent
17 holder of a promissory note or mortgage, indenture or any other
18 similar instrument or document received in connection with a
19 secondary mortgage loan. A real estate broker licensed pursuant
20 to the provisions of the law of this State or an attorney
21 authorized to practice law in this State shall not be required to
22 obtain a license to negotiate a secondary mortgage loan in the
23 normal course of the business of a real estate broker or attorney.

24 b. No corporation, partnership, association or other entity,
25 other than an individual, shall obtain a license unless at least one
26 officer, partner, member or other principal is licensed under the
27 "Secondary Mortgage Loan Act," P.L.1970, c.205 (C.17:11A-34 et
28 seq.).

29 c. Any person who makes two or fewer secondary mortgage
30 loans in this State during any calendar year which are at an
31 interest rate which is not in excess of the usury rate in existence
32 at the time the loan is made, as established in accordance with
33 the law of this State, and on which the borrower has not agreed
34 to pay, directly or indirectly, any charge, cost, expense or any
35 fee whatsoever, other than said interest, shall not be required to
36 obtain a license under the provisions of P.L.1970, c.205
37 (C.17:11A-34 et seq.).

38 d. Any employer who provides secondary mortgage loans solely
39 to his employees as a benefit of employment ¹which are at an
40 interest rate which is not in excess of the usury rate in existence
41 at the time the loan is made, as established in accordance with
42 the law of this State, and on which the borrower has not agreed

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 Senate SCM committee amendments adopted February 27, 1992.

1 to pay, directly or indirectly, any charge, cost, expense or any
2 fee whatsoever, other than said interest,¹ shall not be required to
3 obtain a license under the provisions of P.L.1970, c.205
4 (C.17:11A-34 et seq.).

5 (cf: P.L.1989, c.312, s.1)

6 2. This act shall take effect immediately.

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11 Exempts employers who make secondary mortgage loans to
12 employees from licensure as secondary mortgage lenders.

1 2. This act shall take effect immediately.

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STATEMENT

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6 This bill exempts employers who provide secondary mortgage
7 loans solely to their employees as a benefit of employment from
8 the licensing requirements of the "Secondary Mortgage Loan
9 Act," P.L.1970, c.205 (C.17:11A-34 et seq.). This bill would
10 permit companies in this State, many of which are international,
11 to make loans to employees coming here from other parts of the
12 country or from outside of the United States where the cost of
13 living is often substantially lower. This will better enable New
14 Jersey employers to attract and compete for employees in the
15 global market.

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20 Exempts employers who make secondary mortgage loans to
21 employees from licensure as secondary mortgage lenders.

ASSEMBLY FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

[FIRST REPRINT]

SENATE, No. 72

STATE OF NEW JERSEY

DATED: JUNE 8, 1992

The Assembly Financial Institutions Committee favorably reports Senate, No. 72 (1R).

This bill exempts from the licensing requirements of the "Secondary Mortgage Loan Act." P.L.1970, c.205 (C.17:11A-34 et seq.) employers who provide secondary mortgage loans solely to their employees as a benefit of employment. These loans are to be at a rate of interest not in excess of the usury rate in existence at the time the loan is made and the employer is prohibited from requiring the borrower to pay, directly or indirectly, any charge, cost, expense or fee whatsoever, other than the agreed upon interest rate.

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 72

with committee amendments

STATE OF NEW JERSEY

DATED: February 27, 1992

The Senate Commerce Committee reports favorably and with committee amendments Senate Bill No. 72.

This bill exempts employers who provide secondary mortgage loans solely to their employees as a benefit of employment from the licensing requirements of the "Secondary Mortgage Loan Act."

The committee amended the bill to provide that these secondary mortgage loans by employers cannot be at an interest rate which is in excess of the usury rate in existence at the time the loan is made and that employers cannot require borrowers to pay any fees or charges, other than interest, in regard to these loans.

This bill was pre-filed for introduction in the 1992 session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.