

ASSEMBLY FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2322

with committee amendments

STATE OF NEW JERSEY

DATED: SEPTEMBER 16, 1996

The Assembly Financial Institutions Committee reports favorably Assembly Bill No.2322.

This bill, as amended, requires lenders licensed pursuant to P.L.1981, c.18 (C.17:11B-1 et seq.), mortgage bankers and brokers, to disburse funds for the proceeds of a mortgage loan to a mortgagor only by means of a certified, cashier's, teller's or bank check, or by arranging an electronic transfer of funds or by providing for payment by cash. The bill also requires title insurance producers and title insurance companies to maintain separate records of all receipts and disbursements for funds representing closing and settlement proceeds of a real estate transaction, to keep such funds in a separate trust or escrow account and not to commingle these funds with any other funds of the title insurance producer or company. The bill also prohibits a title insurance producer or company from disbursing funds representing closing or settlement proceeds of a real estate transaction unless those funds have been deposited in the trust or escrow account by certified, cashier's, teller's or bank check, an electronic funds transfer, cash, or other collected funds. Under the bill, a title insurance producer or company is not prohibited from disbursing against uncollected funds in an amount not to exceed \$1,000.

Amendments to the bill change the title of the Commissioner of Banking to Commissioner of Banking and Insurance and provide a definition for "teller's check" consistent with the definition in N.J.S.12A:3-104. As amended this bill is identical to Senate, No.928 (1R) as also amended by the committee.