

ASSEMBLY FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2323

STATE OF NEW JERSEY

DATED: OCTOBER 7, 1996

The Assembly Financial Institutions Committee reports favorably Assembly Bill No. 2323.

This bill treats a modification of a line of credit agreements in the same manner as modification of other mortgages. The bill clarifies that principal advances on a mortgage are covered as a modification, thereby maintaining the priority of the mortgage, so long as the resulting outstanding principal balance does not exceed the principal amount stated in the mortgage. In addition, the bill confirms the continuation of the effectiveness of a policy of mortgagee's title insurance upon a modification of the mortgage as provided pursuant to P.L.1985, c.353 (C.46:9-8.1 et seq.) without requiring the issuance of any new policy or an endorsement to the existing mortgagee's policy, unless the title policy explicitly provides to the contrary. This will reduce the cost to the borrower when a mortgage loan is modified.