

SENATE STATE MANAGEMENT, INVESTMENT AND
FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 2323

STATE OF NEW JERSEY

DATED: DECEMBER 15, 1997

The Senate State Management, Investment and Financial Institutions Committee reports favorably Assembly, No. 2323 (1R).

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.