


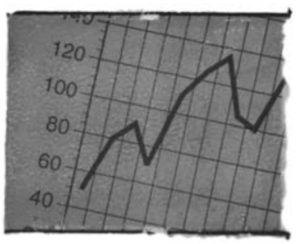



ANALYSIS OF THE NEW JERSEY BUDGET

DEPARTMENT OF BANKING AND INSURANCE

FISCAL YEAR 2007 - 2008

PREPARED BY OFFICE OF LEGISLATIVE SERVICES
NEW JERSEY LEGISLATURE • APRIL 2007

NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF BANKING AND INSURANCE

Budget Pages....... C-8; C-15; D-25 to D-32; H-20; H-37

Fiscal Summary ($000)

	Expended FY 2006	Adjusted. Appropriation FY 2007	Recommended FY 2008	Percent Change 2007-08
State Budgeted	$65,605	$70,311	$70,311	—
Federal Funds	0	0	0	—
Other	4,394	896	896	—
Grand Total	$69,999	$71,207	$71,207	—

Personnel Summary - Positions By Funding Source

	Actual FY 2006	Revised FY 2007	Funded FY 2008	Percent Change 2007-08
State	4	2	4	100.0%
Federal	0	0	0	—
Other	506	478	491	2.7%
Total Positions	510	480	495	3.1%

FY 2006 (as of December) and revised FY 2007 (as of September) personnel data reflect actual payroll counts. FY 2008 data reflect the number of positions funded

Key Points

- The department's FY 2008 General Fund appropriation is recommended to remain unchanged from its current adjusted appropriation of $71.2 million.

- The proposed FY 2008 budget anticipates revenues for the department of $112.6 million, a decrease for the department of $8 million, or 6.6 percent, from the current year's estimate of $120.6 million. This reduction largely reflects a $4.7 million decrease in revenue from licenses on insurance producers (see "Insurance Licenses and Other Fees," page C-8) and a $3.5 million revenue decrease in Real Estate Commission licensing fees, for which FY 2008 is a non-renewal year of a two-year licensing schedule.

- The Workers' Compensation Security Fund (WCSF), established pursuant to P.L.2004, c.179, provides payment for individuals entitled to receive workers' compensation benefits when a stock or mutual workers' compensation insurer is determined

Key Points (Cont'd)

insolvent. The WCSF is funded through assessments levied against stock insurance carriers writing workers' compensation business in the State. The WCSF year end FY 2007 balance is estimated to be $15.7 million, reflecting expenditures of $34 million. The FY 2008 budget (page H-37) estimates the WCSF balance to be $7.2 million by the end of FY 2008, due primarily to a projected $10 million decrease in assessments.

- The "New Jersey Medical Care Access and Responsibility and Patients First Act," P.L. 2004, c.17 (C.2A:53A-37 et al.), established the Medical Malpractice Liability Insurance Premium Assistance Fund (MMLIPA), the purpose of which is to provide medical malpractice liability insurance premium relief for certain specialized health care providers in the State who have experienced or are experiencing a liability insurance premium increase.

- The MMLIPA fund receives revenue from $3 annual surcharges paid on or by employees who are subject to the "unemployment compensation law" and $75 annual surcharges paid on the professional licenses of physicians, podiatrists, dentists, chiropractors, and attorneys, unless exempt under the law. The act provides that in each of the three years of its operation, the MMLIPA fund shall distribute a total of $26.1 million, allocated as follows: $17 million for premium relief to eligible health care providers who have experienced or are experiencing a premium increase; $6.9 million for the Health Care Subsidy Fund; $1 million for a student loan expense reimbursement program for obstetricians/gynecologists who agree to practice in medically underserved areas of the State for a minimum of four years; and $1.2 million for the NJ FamilyCare program to enroll new mothers with income up to 100% of the federal poverty level whose postpartum eligibility for Medicaid has expired. According to the Governor's Budget, the department distributed over $16 million to over 1,200 physicians in high-risk specialties. The revenue to the MMLIPA fund totaled $24.1 million and $23.9 million in FY 2006 and FY 2007, respectively. The MMLIPA fund is set to expire in July 2007.

Background Paper:

- The "New Jersey Home Ownership Security Act of 2002" and Predatory Lending Practices p. 10

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS ($000)

	Expended FY 2006	Adj. Approp. FY 2007	Recom. FY 2008	Percent Change 2006-08	Percent Change 2007-08
General Fund					
Direct State Services	$65,605	$70,311	$70,311	7.2%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	0	0	0	0.0%	0.0%
Capital Construction	0	0	0	0.0%	0.0%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	**$65,605**	**$70,311**	**$70,311**	**7.2%**	**0.0%**
Property Tax Relief Fund					
Direct State Services	$0	$0	$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	0	0	0	0.0%	0.0%
Sub-Total	**$0**	**$0**	**$0**	**0.0%**	**0.0%**
Casino Revenue Fund	$0	$0	$0	0.0%	0.0%
Casino Control Fund	$0	$0	$0	0.0%	0.0%
State Total	**$65,605**	**$70,311**	**$70,311**	**7.2%**	**0.0%**
Federal Funds	$0	$0	$0	0.0%	0.0%
Other Funds	$4,394	$896	$896	(79.6%)	0.0%
Grand Total	**$69,999**	**$71,207**	**$71,207**	**1.7%**	**0.0%**

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2006	Revised FY 2007	Funded FY 2008	Percent Change 2006-08	Percent Change 2007-08
State	4	2	4	0.0%	100.0%
Federal	0	0	0	0.0%	0.0%
All Other	506	478	491	(3.0%)	2.7%
Total Positions	**510**	**480**	**495**	**(2.9%)**	**3.1%**

FY 2006 (as of December) and revised FY 2007 (as of September) personnel data reflect actual payroll counts. FY 2008 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	30.7%	33.2%	33.2%	—	—

Significant Changes/New Programs ($000)

Budget Item	Adj. Approp. FY 2007	Recomm. FY 2008	Dollar Change	Percent Change	Budget Page
		ECONOMIC REGULATION			
ANTICIPATED REVENUE					
Total Anticipated Revenue	**$120,621**	**$112,635**	**($7,986)**	**(6.6%)**	**C-8**

According to the department, the decreases in anticipated revenue are primarily due to a $4.7 million decrease in revenue from licenses on insurance producers and a $3.5 million revenue decrease in Real Estate Commission licensing fees, for which FY 2008 is a non-renewal year of a two- year licensing schedule.

Language Provisions

2007 Appropriations Handbook	**2008 Budget Recommendations**

Explanation

The proposed FY 2008 Budget for the Department of Banking and Insurance does not contain any changes in language provisions compared to the FY 2007 Appropriations Act.

Discussion Points

1. In the mid-1990's, following the devastating effects of Hurricanes Andrew in Florida and Iniki in Hawaii, insurance companies began to decline to write new policies in coastal areas, and began to apply stricter standards to the type and condition of homes they would insure. To address the availability and affordability of homeowners insurance in coastal areas of New Jersey, the department established the Windstorm Market Assistance Program (WindMAP) by regulation. Through the WindMAP program, homeowners in 92 coastal zip codes, primarily located in Ocean, Cape May, Atlantic, and Monmouth Counties could apply for coverage with admitted companies that voluntarily entered into the WindMAP program. If the consumer could not obtain coverage in the voluntary market, the consumer is referred to the FAIR (Fair Access to Insurance Requirements) Plan, a statutorily-created residual market insurer, to obtain coverage. The goal of the WindMAP program was to reduce the number of homeowners covered by the FAIR Plan, since the FAIR Plan offers homeowners only basic coverage for property damage.

In the aftermath of Hurricane Katrina, which caused widespread property damage along the Gulf Coast in 2005, insurers are again examining their exposure in coastal areas. Further, using catastrophic modeling, industry experts have indicated that the Northeast part of the country is vulnerable to a hurricane or other catastrophic weather event that is statistically likely to occur in the relatively near future.

Citing the potential for increased storm damage, Allstate New Jersey Insurance Company, the second largest insurance company offering homeowners insurance in the State, stopped writing new homeowners insurance policies throughout the State in February of this year. Generally, it is reported to be increasingly difficult for homeowners in coastal areas of the State to find coverage in the voluntary market as insurers are reexamining their exposure, and more homeowners are turning to more expensive coverage available in the surplus lines market or less comprehensive coverage offered through the NJ Fair Plan.

- ***Question:*** **a. Please indicate how many insurers are currently offering homeowner insurance policies: (1) in the State; and (2) in coastal areas of the State.**

  b. Please indicate whether the department anticipates: (1) any decline in the number of companies offering policies in the State; (2) any decline in the number of companies offering policies in coastal areas of the State; or (3) any increase in the percentage of homeowners in coastal areas who obtain insurance through the FAIR Plan.

  c. Please describe the current status of the WindMAP program and any plans the department has for using this program or other programs or methods to counteract reported problems of affordability and availability of homeowners insurance in New Jersey coastal areas.

2. Pursuant to the "New Jersey Home Ownership Security Act of 2002," P.L.2003, c.64 (C.46:10B-22 et seq.) the department is directed to enforce the act's prohibitions against certain predatory lending practices in the residential mortgage market. The act categorizes residential mortgage loans as "home loans" or "high-cost home loans," depending on the loan terms, and applies certain restrictions on lending practices to each category of loans. Generally, these restrictions are designed to prevent loan terms that present an unreasonable risk of the homeowner's ultimate default and resulting loss of equity in the home through foreclosure. In

Discussion Points (Cont'd)

addition, the department is directed to implement, in consultation with the Divisions of Consumer Affairs and Civil Rights in the Department of Law and Public Safety, a program of consumer protection to protect vulnerable consumers against predatory lending practices. The act became effective in November, 2003.

- *Question:* **a. Please indicate the number of complaints regarding predatory lending filed with the department for each year, from 2004 to 2006, and whether the annual rate of complaints has decreased from the three years prior to the act's effective date. Please also indicate the amount the department has collected in fines or penalties for violations of the act, for each year, from 2004 to 2006.**

  b. Please outline the status of the consumer education program required to be established by the department, including: (1) a general description of the activities conducted through the program; (2) the number of staff positions involved in implementing the program; and (3) the average number of public outreach efforts conducted annually as part of the program. Are any modifications necessary to the "New Jersey Home Ownership Security Act of 2002" to further restrict predatory lending practices in the State?

3. P.L.1992, c.161 established the New Jersey Individual Health Coverage Program (IHC) to provide access to a broad choice of private health insurance products to any New Jersey resident who does not have access to employer-based or other group health coverage. The act, which was part of a major health insurance reform effort, requires all carriers, as a condition of issuing health insurance in the State, to offer individual health benefits plans through the IHC or pay a share of losses incurred by other carriers in that market. Pursuant to the act, the IHC board created five standardized health benefits plans, which are guaranteed-issue and guaranteed-renewable. The act requires all plans to be community rated, meaning that carriers cannot vary rates based on health status, age, claims history, geographic location, or any other risk factor. Since the mid-1990's, the IHC market has experienced a steady increase in premiums and a change in composition toward older and potentially more expensive enrollees. In addition, the department's website reports a decline in enrollment from 186,130 covered lives in the fourth quarter of 1995 to 66,934 in the third quarter of 2006.

- *Question:* **Please explain the department's efforts to date in addressing the issues of affordability and decline in enrollment associated with the IHC. Does the department see a need for modification to any aspect of the IHC at this time?**

4. P.L.2001, c.368 requires health insurance carriers to offer a limited health care services plan through the IHC. The Legislature's intent in establishing this plan, known as the Basic and Essential Health Care Services Plan (the "B&E Plan") was to create a plan that was more affordable, even though it was not as generous in coverage as the five standard plans. The act permits carriers to rate the B&E Plan by using factors for age, gender, and geographic location, but by no more than a 3.5 to 1 ratio between the highest and lowest rated plans. The department's website reports an increase in the number of covered lives under the B&E Plan from 814 in the fourth quarter of 2003 to 18,763 in the third quarter of 2006.

- *Question:* **Please comment on the effectiveness of the Basic and Essential Health Care Services Plan in providing affordable health insurance coverage and reducing the number of uninsured New Jersey residents. As the B&E Plan does not provide**

Discussion Points (Cont'd)

some benefits that consumers may have come to expect from health insurance coverage generally, please indicate how many complaints the department has received annually about the B&E plan. To what market or plan design factor does the department attribute the increase in consumer use of the B&E plan?

5. The "New Jersey Medical Care Access and Responsibility and Patients First Act," P.L. 2004, c.17 (the Act), provides a comprehensive set of reforms affecting the State's tort liability system, health care system, and medical malpractice liability insurance carriers. The goal of these reforms is to ensure that health care services continue to be available and accessible to residents of the State.

The act established the Medical Malpractice Liability Insurance Premium Assistance Fund (MMLIPA), the purpose of which is to provide medical malpractice liability insurance premium relief for certain specialized health care providers in the State who have experienced or are experiencing a liability insurance premium increase. Eligibility for the relief is determined by class of practitioner, whose average medical malpractice premiums as a class, is in excess of a particular amount per year, as established by the Commissioner of Banking and Insurance by regulation.

The MMLIPA fund is comprised of revenue from $3 annual surcharges paid on or by employees who are subject to the "unemployment compensation law" and $75 annual surcharges paid on the professional licenses of physicians, podiatrists, dentists, chiropractors, and attorneys, unless exempt under the law.

The act further provides that the fund, which will expire in July, 2007, shall be administered by the Department of Banking and Insurance. The act provides that in each of the three years of its operation, the MMLIPA fund shall distribute a total of $26.1 million annually, allocated as follows: $17 million for premium relief to eligible health care providers who have experienced or are experiencing a premium increase; $6.9 million for the Health Care Subsidy Fund; $1 million for a student loan expense reimbursement program for obstetricians/gynecologists who agree to practice in medically underserved areas of the State for a minimum of four years; and $1.2 million for the NJ FamilyCare program to enroll new mothers with income up to 100% of the federal poverty level whose postpartum eligibility for Medicaid has expired.

Pursuant to the department's Public Notice issued on March 14, 2007, eligible specialties for 2006 premium relief subsidies included obstetrics/gynecology and neurosurgery; however, diagnostic radiology, covered previously, was not continued for 2006. According to the Governor's Budget, the department distributed over $16 million to over 1,200 physicians in high-risk specialties. The revenue to the MMLIPA fund totaled $24.1 million in FY 2006.

- ***Question:*** **Please indicate if the Act has successfully effected the retention of key medical specialties in the State and if the implementation of the Act has stabilized the market. How has the medical malpractice insurance market place changed since 2004? Given that the MMLIPA fund will expire in July, 2007, does the department see a need for extending the MMLIPA fund past July, 2007 in order to aid certain practitioners and providers?**

6. Pursuant to P.L.2005, c.375, certain health insurers are required to extend health insurance coverage to certain dependents up to 30 years of age. In response to one of last

Discussion Points (Cont'd)

year's OLS discussion points, the department indicated that a problem exists with the interaction of the law and COBRA, the federally required continuation of coverage for dependents who age out. Specifically, a dependent must choose between electing COBRA continuation coverage and State law continuation coverage at the time they age out under the terms of the underlying insurance policy, typically at age 18 or upon graduation from an institution of higher education as a fulltime student at 21 or 23. A dependent who subsequently loses eligibility under the State law coverage at age 30 for further dependent coverage would not then be able to elect COBRA.

- *Question:* **Please indicate if any other problems have occurred with the implementation of the under 30 law. If so, does the department recommend any legislative initiatives to alleviate these particular issues? Please provide any available data concerning the number of individuals who are impacted by having to choose between COBRA and coverage pursuant to the State's under 30 coverage law?**

7. Pursuant to the "Automobile Insurance Cost Reduction Act," P.L.1998, c.21, the commissioner was directed to establish standards, through regulation, for redrawing the 50-year-old territorial rating plan used in determining automobile insurance premiums throughout the State, no later than January 1, 2000. On April 18, 2005, the department adopted N.J.A.C. 11:3-16A, setting forth standards for the creation of new territory maps and establishing a process for their filing and approval. According to proposed new regulations, Proposal Number 2007-10, the department is offering the Territorial Rating Equalization Exchange plan (TREE). The TREE plan will operate in a manner similar to the New Jersey Automobile Insurance Risk Exchange mechanism, which redistributes the additional premium collected by insurers from insureds who choose the no-limitation-on-lawsuit threshold to the insurers that incur the costs for the additional lawsuits permitted by no limitation threshold policies.

According to the proposal, TREE will be an unincorporated association operating on a no-profit, no-loss basis and establish a governing committee with the purpose to promote sustainable competition in all areas. The proposal further states that the TREE governing committee will determine the zip codes where member companies will be eligible to receive an equalization reimbursement, calculate the territorial equalization charge that will be levied by TREE against each member company, and calculate the territorial equalization reimbursement for those companies that write business in the designated zip codes. Under the TREE plan, premiums received by an insurer that writes a policy in one of the zip codes designated by the exchange governing committee will be supplemented by an equalization payment on a direct one-to-one basis, thus establishing no financial justification for an insurer to limit its writing in certain geographic areas.

- *Question:* **Please indicate the goals of the TREE plan. Assuming that the proposed rules are adopted, please detail the timeline for the implementation of the TREE plan. What, if any, additional funds or staff will be needed to implement the TREE plan?**

Background Paper: The "New Jersey Home Ownership Security Act of 2002" and Predatory Lending Practices

Introduction

"Predatory lending" has been used to describe a variety of lending practices that are very profitable for predatory lenders but destructive for borrowers. Although predatory lending does not lend itself to a precise definition, it typically involves at least one or more of the following practices:

- Making unaffordable loans based on the assets of the borrower, rather than on the borrower's ability to repay the loan ("asset-based lending").
- Repeatedly refinancing loans, while charging high fees to the borrower for each transaction ("flipping").
- Engaging in fraud, deception, or aggressive sales tactics to conceal the true nature of the loan obligation from an unsuspecting or unsophisticated borrower.
- Financing points and fees and credit insurance premiums through loan terms that often represent hidden costs that a borrower cannot afford.

Reportedly, most predatory loans involve home equity loans and refinances of existing loans, as opposed to loans for home purchases. Predatory lending may also involve a home improvement contract in which the contractor arranges for a complicit lender to pay the contractor directly from the loan proceeds. As the borrower is not paying the contractor directly, the borrower has no leverage to ensure that the work is fully and properly performed, but is nevertheless responsible for repayment of the full amount of the loan.

Predatory lending practices generally provide high returns to lenders even if borrowers default, because many of these loans involve excessive up-front fees. In addition, a predatory lender that sells loans in the secondary market – a common practice throughout the mortgage lending industry - retains no financial risk if the borrower ultimately defaults and the mortgage is foreclosed.

Predatory lenders often target lower-income, uneducated, elderly, and minority borrowers. Predatory lending practices occur most frequently in the subprime lending market, where credit is typically extended at higher rates to borrowers who cannot qualify for conventional mortgages.

In the 1990's the subprime lending market experienced tremendous nationwide growth which allowed consumers who were previously unable to obtain conventional mortgages to finance home purchases and improvements. Despite the enactment of the federal Home Ownership and Equity Protection Act of 1994 (HOEPA), which specifically prohibited some predatory lending practices with respect to high-cost home loans, predatory lending increased along with the growth of the subprime market.

Background Paper: The "New Jersey Home Ownership Security Act of 2002" and Predatory Lending Practices (Cont'd)

The "New Jersey Home Ownership Security Act of 2002"

In response to concerns about increased predatory lending practices in the State, the New Jersey Legislature passed the "New Jersey Home Ownership Security Act of 2002," P.L.2003, c.64, (C.46:10B-22 et seq.), hereinafter referred to as the "act". The act, as amended by P.L.2004, c.84, categorizes residential mortgage loans as "home loans" or "high-cost home loans," depending on the loan terms, and applies certain restrictions on lending practices to each category of loans. Generally, these restrictions are designed to prevent loan terms that present an unreasonable risk of the homeowner's ultimate default and resulting loss of equity in the home through foreclosure.

Almost all mortgages made on residential property in the State, in connection with a home purchase, a home equity loan or a refinance of an existing mortgage on a home, will meet the definition of "home loan," and therefore be subject to at least some of the act's requirements. However, some federal agencies have asserted that federal law preempts the application of state predatory lending laws to the financial institutions that they regulate. For example, in July, 2003, the Office of Thrift Supervision, Department of the Treasury, issued an opinion letter stating that the provisions of the "New Jersey Home Ownership Security Act of 2002" are preempted from applying to federal savings associations.

The act directs the Department of Banking and Insurance to enforce the act, and directs the department, in consultation with the Divisions of Consumer Affairs and Civil Rights in the Department of Law and Public Safety, to develop and implement a program of consumer education to protect vulnerable consumers against predatory lending practices. The department adopted regulations to implement the act. See N.J.A.C 3:30-1.1 et seq. and N.J.A.C. 3:25-4.1 et seq. With the enactment of this legislation and the adoption of the regulations, New Jersey joins at least 25 states that have taken affirmative steps to curb predatory lending.

Home Loans: Prohibited Practices

The act prohibits certain practices with respect to making home loans. A home loan is defined in the act as a loan, including an open-end credit plan, other than a reverse mortgage transaction, secured by a mortgage on real estate in this State, on which one to six dwelling units are located or are to be located, or secured by a security interest in a manufactured home, which is to be used by the borrower as the borrower's principal dwelling. As noted above, almost all residential mortgages will meet the definition of "home loan."

Practices prohibited with respect to home loans include the following:

- financing of certain credit insurance premiums or debt cancellation agreements;
- recommending or encouraging default on an existing mortgage loan;
- charging a late payment fee in excess of 5 percent of the amount of the payment due;
- acceleration of the indebtedness at the creditor's sole discretion; and
- charging a fee for information concerning a borrower's payoff balance.

Background Paper: The "New Jersey Home Ownership Security Act of 2002" and Predatory Lending Practices (Cont'd)

High-Cost Home Loans: Prohibited Practices

The act prohibits certain practices with respect to making high-cost home loans. A high-cost home loan is defined in the act as a loan:

(1) for which the principal amount does not exceed $350,000 (to be annually adjusted according to a consumer price index); and

(2) in which the terms meet or exceed the rate threshold or total points and fees threshold established in the act.

Generally, loans that exceed these thresholds are made in the subprime market to borrowers who cannot qualify for conventional mortgages. Borrowers in the subprime market are typically charged higher interest rates and fees because their credit history problems, high debt relative to their income, or unstable employment history indicate to lenders that they are higher risks.

A loan exceeds the rate threshold if its annual percentage rate is such that the loan qualifies as a "mortgage" under the federal "Home Ownership and Equity Protection Act of 1994" (HOEPA). A loan qualifies as a mortgage under HOEPA if its annual percentage rate exceeds the Treasury bill rate (currently, approximately 5 percent plus 8 percent, which equals approximately 13 percent).

A loan exceeds the points and fees threshold if the borrower's total points and fees (as defined in the act), excluding either a conventional prepayment penalty or up to two bona fide discount points, are greater than:

(1) the lesser of 6 percent of the loan amount or $1,000, if the loan is less than $20,000;
(2) 6 percent of the loan amount, if the loan is $20,000 or more but less than $40,000; or
(3) 4.5 percent of the loan amount, if the loan is $40,000 or more.

The practices that are prohibited with respect to home loans are also prohibited with respect to high-cost home loans. In addition, practices prohibited with respect to high-cost home loans include the following:

- Lending without prior written notice to the borrower of certain consumer protections;
- Financing of points and fees in excess of 2 percent of the total high-cost home loan amount;
- Charging points and fees if the proceeds of a high-cost home loan are used to refinance an existing high-cost home loan held by the same creditor as note holder;
- Requiring balloon payments except under certain circumstances;
- Making direct payments from the loan proceeds to a home improvement contractor;
- Using mortgage loan terms under which the loan principal balance will increase over time;
- Lending to a borrower who finances points and fees, but who has not received credit counseling;

Background Paper: The "New Jersey Home Ownership Security Act of 2002" and Predatory Lending Practices (Cont'd)

- Increasing the interest rate upon default; and
- Foreclosing by means other than the judicial foreclosure procedures of this State.

Enforcement and penalties

The act provides the Department of Banking and Insurance with broad authority to enforce the act. Persons found in violation of the provisions of the act may be subject to the following: a civil penalty of up to $10,000 for each offense; license suspension, revocation, or nonrenewal; permanent removal of a responsible individual from working in any capacity related to activities regulated by the department; and an order to cease and desist any violation of the act and to make restitution for actual damages to borrowers.

In addition, the act provides a private cause of action for borrowers against persons who violate the act. A borrower may seek damages pursuant to the consumer fraud law, P.L.1960, c.39 (C.56:8-1 et seq.), or in the alternative, seek damages as follows: for material violations, statutory damages equal to the finance charges agreed to in the home loan agreement, plus 10 percent of the amount financed; punitive damages, when the violation was malicious or reckless; and costs and reasonable attorneys' fees.

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Individuals wishing information and committee schedules on the FY 2008 budget are encouraged to contact:

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