

ACTS
ENACTED BY THE
Second Annual Session
OF THE
One Hundred and Ninety-seventh Legislature

CHAPTER 1

AN ACT to prohibit discrimination in mortgage lending, and to require depository institutions to report certain information regarding mortgage loans to the Commissioner of Banking and to the public, and supplementing Title 17 of the Revised Statutes.

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

C. 17:16F-1 Legislature's findings and declaration; purposes of act.

1. The Legislature hereby finds and declares that depository institutions have sometimes failed to provide adequate home financing on a nondiscriminatory basis for all neighborhoods within the communities from which these institutions receive deposits. The Legislature further finds that neighborhood discrimination on the part of depository institutions results in the arbitrary denial of loans to creditworthy persons; substantially reduces the availability of funds from the private sector for urban housing investments; accelerates the physical decline of the affected neighborhoods; and undercuts publicly supported programs for the preservation and revival of urban neighborhoods. The purposes of this act are to prohibit the arbitrary denial of mortgage loans on the basis of the location of the property to be mortgaged; to encourage an increase in the availability of mortgage capital to neighborhoods to which such investment capital has generally been denied; and to provide the citizens and public officials of the State of New Jersey with sufficient information to enable them to determine

which depository institutions are fulfilling their obligations to serve the housing needs of the communities and neighborhoods in which they are located.

C. 17:16F-2 Definitions.

2. As used in this act:

a. "Depository institution" means any banking institutions as defined in section 1 of the Banking Act of 1948, P. L. 1948, c. 67 (C. 17:9A-1), any association as defined in the Savings and Loan Act (1963), P. L. 1963, c. 144 (C. 17:12B-1 et seq.) ,and any State or Federal credit union but the provisions of section 4 of this act shall not apply to any depository institution which had total assets of \$10,000,000.00 or less as of the last day of its last full fiscal year.

b. "Mortgage loan" means a loan which is secured by residential real property or a home improvement loan.

c. "Applicant" means any person who files with a depository institution a written request containing such information as required by the depository institution for a mortgage loan as defined in this act.

C. 17:16F-3 Discrimination by depository institutions in giving mortgage loans on real properties located in certain neighborhoods or geographical area; prohibition.

3. No depository institution shall discriminate, on a basis that is arbitrary or unsupported by a reasonable analysis of the lending risks associated with the applicant for a given loan or the condition of the property to secure it, in the granting, withholding, extending, modifying or renewing, or in the fixing of the rates, terms, conditions, or provisions of any mortgage loan on real property located in the municipality in which a depository institution has a home or branch office, or in any municipality contiguous to such municipality, merely because such property is located in a specific neighborhood or geographical area; provided, however, that it shall not be a violation of this section if the mortgage loan is made pursuant to a specific public or private program, the purpose of which is to increase the availability of mortgage loans within a specific neighborhood or geographical area.

C. 17:16F-4 Compilation of certain information by depository institutions; availability to public.

4. Each depository institution which has a home office or branch office located within a standard metropolitan statistical area, as defined by the Commissioner of Banking consistent with the definition used by the Federal Office of Management and Budget, shall compile and make available to the public for inspection and

copying at the home office, and at least one branch office within each standard metropolitan statistical area in which the depository institution has an office, in accordance with regulations promulgated by the Commissioner of Banking:

a. The number and total dollar amount of mortgage loans which were (1) originated, or (2) purchased, by that institution during each fiscal year, beginning with the last full fiscal year of that institution which immediately preceded the effective date of this act;

b. The number and dollar amount of each such loan by census tract, where readily available at a reasonable cost, as determined by the Commissioner of Banking, otherwise by ZIP code, for mortgage loans secured by property located within that standard metropolitan statistical area;

c. The number and dollar amount of all such mortgage loans secured by property located outside such standard metropolitan statistical area;

d. The number and dollar amount of loans which are insured under Title II of the National Housing Act or under Title V of the Housing Act of 1949 or which are guaranteed under Chapter 37 of Title 38, United States Code;

e. The number and dollar amount of mortgage loans made pursuant to the "New Jersey Mortgage Finance Agency Law," P. L. 1970, c. 38 (C. 17:1B-4 et seq.);

f. The number and dollar amount of loans made to mortgagors who did not, at the time of execution of the mortgage, intend to reside in the property securing the mortgage loan;

g. The number and dollar amount of home improvement loans;

h. The number and dollar amount of all applications for mortgage loans, by census tract or ZIP code as required by subsection b. of this section.

The regulations promulgated by the Commissioner of Banking shall be consistent with the terms and provisions of, and regulations promulgated pursuant to the "Home Mortgage Disclosure Act of 1975," Pub. L. 94-200, and compliance with the provisions of section 304 thereof shall constitute compliance with this section, except to the extent that additional data is required by subsections e. and h. of this section.

C. 17:16F-5 Availability of information.

5. A depository institution which maintains offices in more than one standard metropolitan statistical area shall make the informa-

tion required by section 4 of this act available at any such office only to the extent that such information relates to mortgage loans which were originated or purchased by an office of that depository institution located in the standard metropolitan statistical area in which the office making such information available is located.

C. 17:16F-6 Maintenance of information; annual filing.

6. Any information required to be compiled and made available under this act shall be maintained and made available for a period of 5 years after the close of the first year during which such information is required to be maintained and made available. A copy shall be filed annually with the Commissioner of Banking and the Director of the Division on Civil Rights of the Department of Law and Public Safety.

C. 17:16F-7 Court action.

7. Any person or applicant who has been discriminated against as a result of a violation of section 3 of this act may bring an action in New Jersey in a court of competent jurisdiction. Upon finding that a depository institution is in violation of this act, the court may award actual damages, reasonable attorneys' fees and court costs.

C. 17:16F-8 Powers of commissioner; failure to comply with subpoena.

8. The Commissioner of Banking shall have the power to make such investigations into any matter pertaining to this act as he shall deem necessary, including the power to hold hearings, issue subpoenas to compel the attendance of witnesses and the production of documents, papers, books, records, and other evidence before him. In case of a failure of any person to comply with any subpoena issued by the commissioner or to testify to any matter concerning which he may be lawfully interrogated, the Superior Court, on application of the commissioner, may issue an order requiring the attendance of such person and the giving of testimony or production of evidence. Any person failing to obey the court's order may be punished for contempt.

C. 17:16F-9 Order to cease unlawful practices; review, hearing and relief in court.

9. If the commissioner finds that a depository institution is violating the provisions of this act, he shall order the institution to cease its unlawful practices. Such order shall be subject to review, hearing and relief in the Superior Court by a proceeding in lieu of prerogative writ.

C. 17:16F-10 Penalty.

10. A depository institution which continues to violate the provisions of this act after having been ordered by the commissioner to cease such practices shall be liable to a penalty of \$5,000.00 for each offense to be recovered with costs by the State in any court of competent jurisdiction in a civil action prosecuted by the Attorney General. The penalty provided by this section shall be in addition to and not in lieu of any other provision of law applicable upon a depository institution's failure to comply with an order of the commissioner.

C. 17:16F-11 Rules and regulations.

11. The Commissioner of Banking is authorized and empowered to promulgate such regulations as he may deem necessary, consistent with sound banking practice, for the proper operation and enforcement of this act.

12. This act shall take effect 90 days after enactment.

Approved January 12, 1977.

CHAPTER 2

Note: In approving the following act certain items, designated by *, were deleted or reduced by the Governor. See Statement appended following the text of the act.

AN ACT making an appropriation to cover the cost of additional law enforcement personnel and public health related expenses necessary to insure the public health and safety of spectators congregating along New Jersey's Hudson river waterfront communities to view "Operation Sail 1976" and other activities during the Bicentennial celebration.

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

1. a. There is hereby appropriated from the General State Fund, subject to the limitations of subsections b., c. and d. of this section, the sum of \$600,000.00 to the Department of Community Affairs to cover the cost of supplemental law enforcement personnel and public health related expenses necessary to insure the public