

## CHAPTER 293

AN ACT concerning mortgage loans from the Police and Firemen's Retirement System of New Jersey to members of the system and amending P.L.1992, c.78.

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

1. Section 4 of P.L.1992, c.78 (C.43:16A-16.11) is amended to read as follows:

C.43:16A-16.11 Eligibility for mortgage loans, conditions of repayment.

4. a. In addition to any loan for which he may be eligible pursuant to the provisions of section 18 of P.L.1964, c.241 (C.43:16A-16.1) and notwithstanding the provisions of that or any other law to the contrary, any member of the Police and Firemen's Retirement System who, at the time of application, is employed by the State or a county, municipality or other political subdivision of the State and who has at least one year of creditable service is, for the purpose of securing for his own occupation as his principal residence a residential property located within this State, eligible to receive a mortgage loan pursuant to the provisions of this act. The mortgage loan shall be used only for the purpose of enabling a borrower to acquire or construct a residential property or refinance an existing residential property loan. No member shall be eligible hereunder for more than one outstanding mortgage loan at any time, and no member shall be eligible to receive a second mortgage loan on a residential property already mortgaged by him. Preference shall be given in making loans to members who are applying to acquire or construct their first principal place of residence.

b. Any mortgage loan made pursuant to the provisions of this act, together with any interest and expenses to the retirement system associated with the making of that loan, shall be repaid in equal installments.

c. The amount of interest charged with respect to a mortgage loan made pursuant to the provisions of this act shall be fixed for the entire term of the loan. The New Jersey Housing and Mortgage Finance Agency, established under section 4 of P.L.1983, c.530 (C.55:14K-4), shall initially establish the rate within 120 days of the effective date of this act and semiannually reset the rate thereafter. The rate shall be determined by the New Jersey Housing and Mortgage Finance Agency by adding 1% to the index. For the purposes of this subsection, the index shall be the weekly average yield at the time the rate is reset on ten-year United States Treasury securities adjusted to a constant maturity as made available by the Federal Reserve Board. If the issuance of ten-year United States Treasury securities is discontinued, the subsequent index shall be determined by the State Treasurer with the advice of the New Jersey Housing and Mortgage Finance Agency. The term of any mortgage loan so made shall not exceed 30 years.

d. No mortgage loan made pursuant to the provisions of this act shall be sold, transferred or assigned to any person, nor shall the payments with respect to any mortgage loan so made be assumed by any person other than the member to whom that loan was made, except that in the event of the death of a member, the mortgage may be assignable to a surviving spouse if the spouse is the sole heir to the property.

e. The instrument evidencing a mortgage loan under the provisions of this act may be in such form, and may contain such provisions, not inconsistent with law, as the director may choose to insert for the protection of the retirement system's lien and the preservation of its interest in the real property mortgaged to it.

2. This act shall take effect immediately.

Approved December 28, 2001.