

## CHAPTER 145

AN ACT concerning mortgage guaranty insurance and amending P.L.1968, c.248.

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

1. Section 4 of P.L.1968, c.248 (C.17:46A-4) is amended to read as follows:

C.17:46A-4 Limitations and restrictions for transacting business.

4. Limitations and restrictions for transacting business.

(a) Mortgage guaranty insurance may be transacted in this State only by a stock insurance company holding a certificate of authority for the transaction of such insurance, and shall be written only to insure loans secured by authorized real estate securities as defined in section 2 of this act.

(b) A mortgage guaranty insurance company shall not insure loans secured by properties in a single housing tract or a contiguous tract in excess of 10% of the insurance company's policyholders' surplus. In determining the amount of such risk, applicable reinsurance in any assuming insurance company authorized to transact mortgage guaranty insurance in this State shall be deducted from the total direct risk insured. "Contiguous," for the purposes of this section, means not separated by more than 1/2 mile.

(c) The liability of a mortgage guaranty insurance company for an insured loan shall in no event exceed the actual loss. In lieu of paying the percentage of the insured loan as specified in the policy, a mortgage guaranty insurance company may elect to pay the entire indebtedness to the insured and acquire title to the authorized real estate security.

(d) (Deleted by amendment; P.L.1975, c.122, s.2.)

(e) (1) A mortgage guaranty insurance company which anywhere transacts any class of insurance other than mortgage guaranty insurance is not eligible for the issuance of a certificate of authority to transact mortgage guaranty insurance in this State nor for the renewal thereof.

(2) A mortgage guaranty insurance company which anywhere transacts the classes of insurance defined in paragraph (a) (2) or (a) (3) of section 2 of this act is not eligible for a certificate of authority to transact in this State the class of mortgage guaranty insurance defined in paragraph (a) (1) of section 2 of this act.

(f) Nothing in this act shall be construed as limiting the right of any mortgage guaranty insurance company to impose reasonable requirements upon the lender with regard to the terms of any note or bond or other evidence of indebtedness secured by a mortgage or deed of trust, such as requiring a stipulated down payment by the borrower.

2. This act shall take effect immediately, and shall apply to policies of mortgage guaranty insurance issued on or after that date.

Approved November 9, 2015.