



**State of New Jersey**  
**DEPARTMENT OF BANKING AND INSURANCE**  
**LEGISLATIVE AND REGULATORY AFFAIRS**

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**HOLLY C. BAKKE**  
*Commissioner*

**BULLETIN 04-25**

**TO: ALL INTERESTED PARTIES**

**FROM: HOLLY C. BAKKE, COMMISSIONER**

**RE: THE NEW JERSEY HOME OWNERSHIP SECURITY ACT OF 2002**

The New Jersey Department of Banking and Insurance (Department) is issuing this bulletin in accordance with the New Jersey Home Ownership Security Act of 2002 (the Act), N.J.S.A. 46:10B-22 et seq.

In particular, this Bulletin addresses the annual review required in the Act's definition of a "high cost home loan," set forth at N.J.S.A. 46:10B-24. The Act, effective on November 27, 2003, requires an annual adjustment of the maximum principal amount that will, subject to the other triggering provisions in the Act, result in a loan being considered a "high cost home loan." The current maximum principal amount as specified in the Act upon enactment is \$350,000. This adjustment is based on the last published increase in the housing component of the national Consumer Price Index, New York - Northeastern New Jersey Region. (Index)

The Index is compiled by the United States Department of Labor, Bureau of Labor Statistics. It is released on their web site at <http://data.bls.gov/cgi-bin/srgate> as series "Cuura 101 Sah." The Index represents a measure of the average change over time in housing prices. As of November 27, 2004, the last published data in the Index indicated an increase of 4.4783 percent between October, 2003 and October, 2004. When applied to the \$350,000 amount specified in the Act, this yields an upward adjustment of \$15,674.13. Accordingly, as required by N.J.S.A. 46:10B-24, the Department is adjusting the definition of "high-cost home loan" to provide that the maximum principal amount of a loan that may be considered a high cost home loan will be \$365,674.13.

The adjusted amount of \$365,674.13 shall be effective for all completed applications on loans that may be subject to the Act received by the lender on or after January 1, 2005. The Department will annually review this number, using the same methodology and effective date in future years, and adjust this number as necessary in accordance with the provisions of the Act.

12/6/04  
Date

/s/ H. Robert Tillman  
H. Robert Tillman,  
Acting Commissioner

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