

[First Reprint]

ASSEMBLY, No. 766

STATE OF NEW JERSEY

217th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2016 SESSION

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SYNOPSIS

Allows certain National Guard and United States Reserve members to temporarily defer mortgage loan payments and property tax payments.

CURRENT VERSION OF TEXT

As reported by the Senate Military and Veterans' Affairs Committee on March 10, 2016, with amendments.

(Sponsorship Updated As Of: 9/16/2016)

1 AN ACT concerning the payment of mortgage loans and of property
 2 taxes by certain persons in military service on federal active duty
 3 ¹, amending P.L.2015, c.277,¹ and supplementing P.L.1979,
 4 c.317 (C.38:23C-1 et seq.) ¹and chapter 4 of Title 54 of the
 5 New Jersey Statutes¹.

6
 7 **BE IT ENACTED** by the Senate and General Assembly of the State
 8 of New Jersey:
 9

10 1. ¹(New Section)¹ a. As used in this section:

11 “Mortgagee” means the holder of a mortgage loan that is a State
 12 chartered bank, savings bank, savings and loan association or credit
 13 union, any person required to be licensed under the provisions of
 14 the “New Jersey Residential Mortgage Lending Act,” sections 1
 15 through 39 of P.L.2009, c.53 (C.17:11C-51 et seq.), and any entity
 16 acting on behalf of the mortgagee named in the debt obligation
 17 including, but not limited to, servicers.

18 “Mortgagor” means a person who borrows money by mortgaging
 19 his property to the lender as security for a mortgage loan.

20 “Mortgage loan” means a loan made to a natural person or
 21 persons to whom credit is offered or extended primarily for
 22 personal, family or household purposes which is secured by a
 23 mortgage constituting a lien upon real property located in this State
 24 on which there is erected or to be erected a structure, which is the
 25 primary residence of the natural person or persons, containing one
 26 to six dwelling units, a portion of which structure may be used for
 27 nonresidential purposes, in the making of which the mortgagee
 28 relies primarily upon the value of the mortgaged property.

29 b. A person domiciled in this State who is mobilized for federal
 30 active duty as a member of the National Guard or a Reserve
 31 Component of the Armed Forces of the United States may, at the
 32 person’s discretion, secure, if a request is made during this period
 33 of federal active duty service, a deferment of the payment of
 34 interest and principal on a mortgage loan that was secured by the
 35 person, or the person and another person jointly, before the date on
 36 which the person enters federal active duty.

37 c. A person may make a request pursuant to subsection b. of
 38 this section by mailing a written request to the mortgagee that shall
 39 include: (1) a copy of the person’s military orders or a commanding
 40 officer letter on official letterhead from the person’s commanding
 41 officer including a contact telephone number and setting forth the
 42 beginning and ending dates of the person’s mobilization, or that,
 43 where applicable, the mobilization is ongoing, and (2) the name,
 44 address, and phone number of an individual who may be contacted

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
 not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SMV committee amendments adopted March 10, 2016.

1 regarding the mortgage loan while the person is in service on
2 federal active duty. Upon receipt of the request with the required
3 information, the mortgagee shall grant a deferment of the payment
4 of interest and principal, effective as of the date of the person's
5 entry on active duty. The deferment shall remain in effect while
6 that person remains in service on federal active duty, and shall
7 expire 60 calendar days after release or separation from federal
8 active duty. Upon receipt of the request with the required
9 information, the mortgagee shall prepare and send for signature to
10 the person requesting the deferment, and any other mortgagor, a
11 modification of agreement extending the term of the loan
12 commensurate with the number of months of active duty service for
13 which the person is receiving deferment, plus 60 calendar days. If
14 the person and any other mortgagor does not sign and return the
15 modification of agreement to the mortgagee within 30 calendar days
16 of receipt thereof, the person shall not be entitled to the protections
17 and benefits accorded under this section. If the person's
18 mobilization begins less than 30 calendar days from the date of the
19 issuance of the military orders, the person and any other mortgagor
20 shall sign and return the modification of agreement to the
21 mortgagee within 60 calendar days of the person's release or
22 separation from federal active duty, and failure to do so shall result
23 in the person being ineligible for the protections and benefits
24 accorded under this section. The person requesting deferment shall
25 inform the mortgagee of any modifications to the initial orders for
26 federal active duty service.

27 d. Nothing contained in this section shall affect payments to or
28 from escrow, as required by the loan agreement, for property taxes,
29 special assessments, mortgage insurance, and hazard insurance, nor
30 shall the person's monthly escrow payments following federal
31 active duty service increase as a result of deferment, except
32 commensurate with an increase in the amount for taxes or insurance
33 premiums. Failure on behalf of the person to make the monthly
34 payment to escrow shall not create a delinquency. Any payments to
35 escrow not made may be included in the annual escrow analysis,
36 and the payment to escrow following release from federal active
37 duty may be increased if a shortage exists in the escrow account.
38 Payments to or from escrow for taxes assessed against real and
39 personal property solely owned by the resident, or with a spouse,
40 shall be ~~'[suspended]~~ deferred¹ if the person is granted a
41 ~~'[suspension]~~ deferment¹ pursuant to ~~'[section 2 of P.L. ,~~
42 c. (C.) (pending before the Legislature as this bill)] P.L.2015,
43 c.277 (C.54:4-8.25 et seq.)¹.

44 e. The following charges, incurred prior to the date of entry on
45 active duty, when imposed pursuant to law, shall not increase
46 during the period of deferment, nor shall they accrue as a result of
47 the deferment: late or delinquency charges; attorneys' and
48 collection fees; and recording or filing fees. Interest shall not be

1 compounded as a result of deferment, that is, interest shall not be
2 charged on the deferred interest.

3
4 ¹[2. a. A person domiciled in this State who is mobilized for
5 federal active duty as a member of the National Guard or a Reserve
6 Component of the Armed Forces shall be entitled to a suspension of
7 payment of the amount of any tax bill for taxes assessed against real
8 and personal property solely owned by the resident, or with a spouse,
9 that becomes due while the resident is deployed for active service.
10 The suspension shall commence on the tax due date, and shall end 90
11 calendar days after the person is released from mobilization. The tax
12 amount suspended shall be due and owing on the first day following
13 the 90-day grace period, and shall be paid to the tax collector of the
14 municipality in which the property is located. No interest shall be
15 charged when the suspended property tax amount is paid in full within
16 the 90-day grace period. When the property tax amount is not paid in
17 full within the grace period, interest shall be charged on any unpaid
18 amount at the rate it would have accrued since the original property tax
19 due date.

20 b. No suspension of any tax amount assessed against real and
21 personal property pursuant to this section shall be allowed except upon
22 written application therefor, on a form prescribed by the Director of
23 the Division of Taxation in the Department of the Treasury, and
24 provided by the governing body of the municipality constituting the
25 taxing district in which the application is to be filed. The application
26 shall specify any documentation required to be submitted in order to
27 ascertain that the applicant is qualified to receive the suspension of
28 payment. The Director of the Division of Taxation in the Department
29 of the Treasury shall promulgate any rules and regulations necessary to
30 implement the provisions of this section.

31 c. A resident eligible for a suspension of any tax amount assessed
32 against real and personal property pursuant to this section, or a person
33 acting on behalf of the resident, shall file an application for suspension
34 of payment with the tax collector of the municipality in which the
35 property is located. The application shall be accompanied by any
36 documentation required to be submitted pursuant to this section. Upon
37 receipt of an application for the suspension of payment and all
38 required documentation by an eligible resident, the tax collector shall,
39 within 30 calendar days, send a letter to the resident and any
40 mortgagee incident to the payment of such tax amount notifying each
41 of the effective date of the suspension of payment of the tax bill.

42 d. The State shall annually pay to the tax collector of each
43 municipality the total amount of property tax payment suspended
44 pursuant to this section plus 2%, in the same manner as veteran's
45 property tax deductions are reimbursed pursuant to section 5 of
46 P.L.1997, c.30 (C.54:4-8.24). The tax collector of each municipality
47 shall refund this amount to the State in installments upon collection of
48 the suspended payments from the individual taxpayers along with any

1 interest collected for payments made after the expiration of a
2 taxpayer's grace period.

3 e. No tax lien may be issued against the real and personal property
4 for which the suspension of payment of a tax bill is granted pursuant to
5 this section as the result of such suspension.】¹

6
7 ¹2. Section 1 of P.L.2015, c.277 (C.54:4-8.25) is amended to
8 read as follows:

9 1. Every resident of this State who is enlisted in any branch of
10 the United States Armed Forces shall be entitled to a deferment of
11 the amount of any tax bill for taxes assessed against real and
12 personal property solely owned by the resident, or with a spouse,
13 that becomes due while the resident is deployed for active service in
14 time of war. This provision shall apply also to a resident of this
15 State who is mobilized for federal active duty as a member of the
16 National Guard or a Reserve Component of the Armed Forces. The
17 deferment shall commence on the tax due date, and shall end 90
18 days after the last date of deployment or mobilization, as
19 appropriate. The tax amount deferred shall be due and owing on the
20 first day following the 90-day grace period, and shall be paid to the
21 tax collector of the municipality in which the property is located.
22 No interest shall be charged when the deferred property tax amount
23 is paid in full within the 90-day grace period. When the property
24 tax amount is not paid in full within the grace period, interest shall
25 be charged on any unpaid amount at the rate it would have accrued
26 since the original property tax due date. ¹

27 (cf: P.L.2015, c.277, s.1)

28

29 ¹3. Section 2 of P.L.2015, c.277 (C.54:4-8.26) is amended to
30 read as follows:

31 2. a. No deferment of any tax amount assessed against real and
32 personal property pursuant to section 1 of P.L.2015, c.277 (C.54:4-
33 8.25) shall be allowed except upon written application therefor, on a
34 form prescribed by the Director of the Division of Taxation in the
35 Department of the Treasury, and provided by the governing body of
36 the municipality constituting the taxing district in which the
37 application is to be filed. The application shall specify any
38 documentation required to be submitted in order to ascertain that
39 the applicant is qualified to receive the deferment. The Director of
40 the Division of Taxation in the Department of the Treasury shall
41 promulgate any rules and regulations necessary to implement the
42 provisions of P.L.2015, c.277 (C.54:4-8.25 et seq.).

43 b. A resident eligible for a deferment of any tax amount
44 assessed against real and personal property pursuant to section 1 of
45 P.L.2015, c.277 (C.54:4-8.25), or a person acting on behalf of the
46 resident, shall file an application for deferment with the tax
47 collector of the municipality in which the property is located. The
48 application shall be accompanied by any documentation required to

1 be submitted pursuant to subsection a. of this section. Upon receipt
2 of an application for the deferment of payment and all required
3 documentation by an eligible resident, the tax collector shall, within
4 30 calendar days, send a letter to the resident and any mortgagee
5 incident to the payment of such tax amount notifying each of the
6 effective date of the deferment.

7 c. No tax lien may be issued against the real and personal
8 property for which the deferment of payment of a tax bill is granted
9 pursuant to P.L.2015, c.277 (C.54:4-8.25 et seq.) as the result of
10 such deferment.¹

11 (cf: P.L.2015, c.277, s.2)

12

13 ¹**[3.] 4.**¹ This act shall take effect immediately.