

ASSEMBLY COMMITTEE SUBSTITUTE FOR  
ASSEMBLY, No. 2244

STATE OF NEW JERSEY

ADOPTED JUNE 9, 1997

Sponsored by Assemblymen JONES, DiGAETANO and Dalton

1 AN ACT permitting establishment of joint municipal lien pools and  
2 supplementing Title 54 of the Revised Statutes.

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

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7 1. a. The governing bodies of two or more municipalities may  
8 create a joint municipal lien pool for the purpose of bulk sales of  
9 municipal liens, the public sale of liens at auction and the creation of  
10 securities backed by municipal liens through the adoption of  
11 resolutions for that purpose. A joint municipal lien pool created  
12 pursuant to this section shall be known as the "(name of region or  
13 other identifying characteristic) Joint Municipal Lien Pool."

14 b. (1) The powers of a joint municipal lien pool shall be vested in  
15 a board of directors which shall consist of one member from each  
16 participating municipality, who shall serve without compensation. The  
17 member shall be either the municipal tax collector or such other  
18 resident of the municipality as the mayor selects. The member shall  
19 serve at the pleasure of the mayor.

20 (2) The board of directors may delegate such authority as it deems  
21 appropriate to an executive committee of the board.

22 c. The members of the joint municipal lien pool shall establish  
23 procedures, times and locations for meetings as may be required for  
24 the operation of the pool.

25 d. Following the creation of a joint municipal lien pool, any  
26 additional municipality may participate in the pool through the  
27 adoption of an authorizing resolution by that municipality, subject to  
28 the approval of all of the members of the board of directors of the  
29 pool.

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31 2. The powers of a joint municipal lien pool created and operating  
32 pursuant to section 1 of P.L. , c. (C. ) (now pending before  
33 the Legislature as this bill) shall be as follows:

34 a. Accept transfers of municipal liens from member municipalities.

35 b. The sale of municipal liens in bulk and the securitization of liens  
36 on behalf of its members, upon the approval of the Local Finance

1 Board.

2 c. The assessment of initial membership fees to fund the  
3 operations of the joint municipal lien pool, such fees to be refunded  
4 from proceeds of sales of liens.

5 d. The creation of special purpose pools of certain liens, subject  
6 to approval of the Local Finance Board.

7 e. The employment of or contract with professionals, such as  
8 administrators, trustees and other service providers, on such terms as  
9 the board of directors of the pool deems appropriate, to manage the  
10 affairs of the pool and to sell or securitize pooled liens.

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12 3. The operations of a joint municipal lien pool shall be subject to  
13 the provisions of the "Local Public Contracts Law," P.L.1971, c.198  
14 (C.40A:11-1 et seq.) and the "Local Fiscal Affairs Law,"  
15 N.J.S.40A:5-1 et seq.

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17 4. a. No municipal lien shall be transferred to a joint municipal  
18 lien fund unless the record owner of the property subject to the lien  
19 has first been sent notice, by regular and certified mail, of the intended  
20 transfer and been given an opportunity to redeem the lien at least 10  
21 days prior to the transfer.

22 b. A municipal lien transferred to a joint municipal lien pool shall  
23 remain the property of the municipality transferring the lien until  
24 actually sold by the pool. Joint municipal lien pools shall not own or  
25 foreclose upon municipal liens. The sale or securitization of a  
26 municipal lien shall not affect redemption rights or the existing  
27 foreclosure process.

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29 5. A joint municipal lien pool may act on behalf of any member  
30 municipal tax collector to execute lien certificates as part of a sale. All  
31 interests and penalties otherwise due shall be paid to the municipality  
32 up to and until the time the liens are sold or securitized.

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34 6. Prior to any initial bulk sale, public sale at auction or  
35 securitization of municipal liens by a joint municipal lien pool, the pool  
36 shall file an operating plan for review and approval of Director of  
37 Local Government Services in the Department of Community Affairs.  
38 The operating plan shall include a method of distribution of revenues  
39 that exceed the costs of operating the activities of the pool.

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41 7. The Director of the Division of Local Government Services in  
42 the Department of Community Affairs may adopt rules and regulations  
43 and issue orders, as necessary, to effectuate the purposes of this act.

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45 8. This act shall take effect immediately.

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3 Permits establishment of joint municipal lien pools.