

P.L. 1997, CHAPTER 190, *approved August 5, 1997*  
Senate, No. 2196

1 **AN ACT** concerning property tax liens and amending various sections  
2 of statutory law.

3

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

6

7 1. Section 11 of P.L.1963, c.144 (C.17:12B-11) is amended to  
8 read as follows:

9 11. A mortgage upon real property or a mortgage upon a lease of  
10 the fee of real property shall be deemed a first lien as follows:

11 (a) A mortgage upon real property shall be deemed a first lien  
12 notwithstanding the existence of (i) a prior mortgage or mortgages  
13 held by the association, [or liens of taxes or assessments which are not  
14 delinquent,] (ii) a lien of a condominium association for up to six  
15 months of customary condominium assessments pursuant to section 21  
16 of P.L.1969, c.257 (C.46:8B-21), or (iii) building restrictions or other  
17 restrictive covenants or conditions, leases or tenancies whereby rents  
18 or profits are reserved to the owner, joint driveways, sewer rights,  
19 rights in walls, rights-of-way or other easements, or encroachments  
20 which do not materially affect the security for the mortgage loan.  
21 Nothing herein shall alter or affect the status or priority of municipal  
22 liens under R.S.54:5-1 et seq.

23 (b) A mortgage upon a lease of the fee of real property shall be  
24 deemed a first lien [notwithstanding the existence of liens of taxes or  
25 assessments which are not delinquent,] not subject to any prior lien,  
26 except for municipal liens, notwithstanding the existence of building  
27 restrictions or other restrictive covenants or conditions, joint  
28 driveways, sewer rights, rights in walls, rights-of-way or other  
29 easements, or encroachments which do not materially affect the  
30 security for the mortgage loan. Nothing herein shall alter or affect the  
31 status or priority of municipal liens under R.S.54:5-1 et seq.

32 (c) A mortgage upon an apartment which is part of a horizontal  
33 property regime, established under the "Horizontal Property Act,"  
34 P.L.1963, c.168 (C.46:8A-1 et seq.) or upon a unit which is part of a

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

Matter underlined thus is new matter.

1 condominium established pursuant to the "Condominium Act,"  
2 P.L.1969, c.257 (C.46:8B-1 et seq.) shall be deemed a first lien  
3 notwithstanding the existence of other proportionate undivided  
4 interests in the "general common elements" or "common elements" of  
5 such horizontal property regime or condominium, as the case may be,  
6 as the same are defined in the "Horizontal Property Act," and the  
7 "Condominium Act," respectively, and notwithstanding the  
8 indivisibility of such common elements or the existence of a prior  
9 mortgage or mortgages held by the association upon such apartment  
10 or unit or the existence of a prior mortgage or mortgages on other  
11 apartments or units within the particular horizontal property regime or  
12 condominium, as the case may be, regardless of whether such prior  
13 mortgages are held by the association or any other mortgagee [and  
14 notwithstanding liens of taxes or assessments which are not  
15 delinquent,] and notwithstanding the existence of building restrictions  
16 or other restrictive covenants or conditions, leases or tenancies  
17 whereby rents or profits are reserved to the owner, or other easements  
18 or encroachments which do not materially affect the security for the  
19 mortgage loan. Nothing herein shall alter or affect the status or  
20 priority of municipal liens under R.S.54:5-1 et seq.

21 (d) Every mortgage shall be certified to be a first lien by an attorney  
22 at law of the state in which the real property is located, or certified or  
23 guaranteed to be a first lien by a corporation authorized to guarantee  
24 titles to real property in such state.

25 (cf: P.L.1995, c.354, s.3)

26

27 2. Section 21 of P.L.1969, c.257 (C.46:8B-21) is amended to read  
28 as follows:

29 21. a. The association shall have a lien on each unit for any unpaid  
30 assessment duly made by the association for a share of common  
31 expenses or otherwise, including any other moneys duly owed the  
32 association, upon proper notice to the appropriate unit owner,  
33 together with interest thereon and, if authorized by the master deed or  
34 bylaws, late fees, fines and reasonable attorney's fees; provided  
35 however that an association shall not record a lien in which the unpaid  
36 assessment consists solely of late fees. Such lien shall be effective  
37 from and after the time of recording in the public records of the county  
38 in which the unit is located of a claim of lien stating the description of  
39 the unit, the name of the record owner, the amount due and the date  
40 when due. Such claim of lien shall include only sums which are due  
41 and payable when the claim of lien is recorded and shall be signed and  
42 verified by an officer or agent of the association. Upon full payment  
43 of all sums secured by the lien, the party making payment shall be  
44 entitled to a recordable satisfaction of lien. Except as set forth in  
45 subsection b. of this section, all such liens shall be subordinate to any  
46 lien for past due and unpaid property taxes, the lien of any mortgage

1 to which the unit is subject and to any other lien recorded prior to the  
2 time of recording of the claim of lien.

3 b. A lien recorded pursuant to subsection a. of this section shall  
4 have a limited priority over prior recorded mortgages and other liens,  
5 [other than liens for unpaid property taxes] , except for municipal liens  
6 or liens for federal taxes, to the extent provided in this subsection.  
7 This priority shall be limited as follows:

8 (1) To a lien which is the result of customary condominium  
9 assessments as defined herein, the amount of which shall not exceed  
10 the aggregate customary condominium assessment against the unit  
11 owner for the six-month period prior to the recording of the lien.

12 (2) With respect to a particular mortgage, to a lien recorded prior  
13 to: (a) the receipt by the association of a summons and complaint in  
14 an action to foreclose a mortgage on that unit; or (b) the filing with  
15 the proper county recording office of a lis pendens giving notice of an  
16 action to foreclose a mortgage on that unit.

17 (3) In the case of more than one association lien being filed, either  
18 because an association files more than one lien or multiple associations  
19 have filed liens, the total amount of the liens granted priority shall not  
20 be greater than the assessment for the six-month period specified in  
21 paragraph 1 of this subsection. Priority among multiple filings shall be  
22 determined by their date of recording with the earlier recorded liens  
23 having first use of the priority given herein.

24 (4) The priority granted to a lien pursuant to this subsection shall  
25 expire on the first day of the 60th month following the date of  
26 recording of an association's lien.

27 (5) A lien of an association shall not be granted priority over a  
28 prior recorded mortgage or mortgages under this subsection if a prior  
29 recorded lien of the association for unpaid assessments has obtained  
30 priority over the same recorded mortgage or mortgages as provided  
31 in this subsection, for a period of 60 months from the date of  
32 recording of the lien granted priority.

33 (6) When recording a lien which may be granted priority pursuant  
34 to this act, an association shall notify, in writing, any holder of a first  
35 mortgage lien on the property of the filing of the association lien. An  
36 association which exercises a good faith effort but is unable to  
37 ascertain the identity of a holder of a prior recorded mortgage on the  
38 property will be deemed to be in substantial compliance with this  
39 paragraph.

40 For the purpose of this section, a "customary condominium  
41 assessment" shall mean an assessment for periodic payments, due the  
42 association for regular and usual operating and common area expenses  
43 pursuant to the association's annual budget and shall not include  
44 amounts for reserves for contingencies, nor shall it include any late  
45 charges, penalties, interest or any fees or costs for the collection or  
46 enforcement of the assessment or any lien arising from the assessment.

1 The periodic payments due must be due monthly, or no less frequently  
2 than quarter-yearly, as may be acceptable to the Federal National  
3 Mortgage Association so as not to disqualify an otherwise superior  
4 mortgage on the condominium from purchase by the Federal National  
5 Mortgage Association as a first mortgage.

6 c. Upon any voluntary conveyance of a unit, the grantor and  
7 grantee of such unit shall be jointly and severally liable for all unpaid  
8 assessments pertaining to such unit duly made by the association or  
9 accrued up to the date of such conveyance without prejudice to the  
10 right of the grantee to recover from the grantor any amounts paid by  
11 the grantee, but the grantee shall be exclusively liable for those  
12 accruing while he is the unit owner.

13 d. Any unit owner or any purchaser of a unit prior to completion  
14 of a voluntary sale may require from the association a certificate  
15 showing the amount of unpaid assessments pertaining to such unit and  
16 the association shall provide such certificate within 10 days after  
17 request therefor. The holder of a mortgage or other lien on any unit  
18 may request a similar certificate with respect to such unit. Any person  
19 other than the unit owner at the time of issuance of any such certificate  
20 who relies upon such certificate shall be entitled to rely thereon and his  
21 liability shall be limited to the amounts set forth in such certificate.

22 e. If a mortgagee of a first mortgage of record or other purchaser  
23 of a unit obtains title to such unit as a result of foreclosure of the first  
24 mortgage, such acquirer of title, his successors and assigns shall not  
25 be liable for the share of common expenses or other assessments by  
26 the association pertaining to such unit or chargeable to the former unit  
27 owner which became due prior to acquisition of title as a result of the  
28 foreclosure. Any remaining unpaid share of common expenses and  
29 other assessments, except assessments derived from late fees or fines,  
30 shall be deemed to be common expenses collectible from all of the  
31 remaining unit owners including such acquirer, his successors and  
32 assigns.

33 f. Liens for unpaid assessments may be foreclosed by suit brought  
34 in the name of the association in the same manner as a foreclosure of  
35 a mortgage on real property. The association shall have the power,  
36 unless prohibited by the master deed or bylaws to bid on the unit at  
37 foreclosure sale, and to acquire, hold, lease, mortgage and convey the  
38 same. Suit to recover a money judgment for unpaid assessments may  
39 be maintained without waiving the lien securing the same. Nothing  
40 herein shall alter the status or priority of municipal liens under  
41 R.S.54:5-1 et seq.

42 (cf: P.L.1996, c.79, s.5)

43

44 3. R.S.54:5-47 is amended to read as follows:

45 54:5-47. The certificate shall be substantially in the following form:

1 "I, ..... , collector of taxes of  
2 ..... (name of municipality), hereby certify  
3 that on ....., 19..... , I sold to  
4 ..... for ..... dollars, the  
5 lands in the municipality described as ..... on  
6 the tax duplicate of the municipality, and assessed thereon to  
7 ..... as owner (followed by amplified description if  
8 desired). The amount of sale was made up of the following items  
9 (followed by the items, including interest and costs). The sale is  
10 subject to redemption on repayment of the amount of the sale,  
11 together with interest thereon at the rate of ..... per cent per  
12 annum from the date of sale, and the costs incurred by the purchaser.  
13 The sale is subject only to municipal liens accruing after  
14 ..... (insert date of last item of taxes or assessment  
15 for which sale is made). [The right to redeem will expire in six months  
16 after the service of notice to redeem, except that the right to redeem  
17 shall extend for six months from the date of sale when the municipality  
18 is the purchaser and extend for two years from the date of sale for all  
19 other purchasers.]

20 "Witness my hand and seal this ..... day of  
21 ....., 19 (Followed by acknowledgment)."  
22 (cf: P.L.1991, c.75, s.47)

23

24 4. R.S.54:5-54 is amended to read as follows:

25 54:5-54. Except as hereinafter provided, the owner, his heirs,  
26 holder of [a prior] any prior outstanding tax lien certificate,  
27 mortgagee, or occupant of land sold for municipal taxes, assessment  
28 for benefits pursuant to R.S.54:5-7 or other municipal charges, may  
29 redeem it at any time until the right to redeem has been cut off in the  
30 manner in this chapter set forth, by paying to the collector, or to the  
31 collector of delinquent taxes on lands of the municipality where the  
32 land is situate, for the use of the purchaser, his heirs or assigns, the  
33 amount required for redemption as hereinafter set forth.

34 (cf: P.L.1994, c.32, s.8)

35

36 5. R.S.54:5-55 is amended to read as follows:

37 54:5-55. The collecting officer on receiving payment in full shall[,  
38 except as provided in section 54:5-56 of this title,] execute and deliver  
39 to the person redeeming a certificate of redemption which may be  
40 recorded with the register of deeds, or if there is no register, with the  
41 county clerk. The county clerk or register, as the case may be, shall,  
42 on request, note on the record of the original certificate of sale a  
43 reference to the record of the certificate of redemption, and shall be  
44 entitled therefor to the same fees as provided respectively for the  
45 cancellation of mortgages and for the record of discharges thereof, or,  
46 at the option of the person redeeming, the collecting officer shall

1 procure and deliver to the owner the certificate of sale received for  
2 cancellation by indorsement in the same manner required by law to  
3 satisfy or cancel a mortgage, whereupon the record of the certificate  
4 of sale shall be canceled by the county clerk or register, as the case  
5 may be, in the same manner and for the same fees as in the case of  
6 mortgages.

7 (cf: R.S.54:5-55)

8

9 6. R.S.54:5-57 is amended to read as follows:

10 54:5-57. The collecting officer shall at once, on receipt of the  
11 redemption money, mail notice thereof to the purchaser, if his address  
12 can be ascertained, and shall pay all redemption moneys to him or his  
13 assigns on his surrender of the certificate of sale and compliance with  
14 the provisions of [sections] section 54:5-55 [and 54:5-56] of this title.  
15 (cf: R.S.54:5-57)

16

17 7. R.S.54:5-112 is amended to read as follows:

18 54:5-112. When a municipality has or shall have acquired title to  
19 real estate by reason of its having been struck off and sold to the  
20 municipality at a sale for delinquent taxes or assessments, the  
21 governing body thereof may, by resolution adopted by a majority  
22 thereof by roll call, sell such real estate at private sale to such person  
23 and for such sums, not less than the amount of municipal liens charged  
24 against the same, except as provided in subsection a. of section 38 of  
25 P.L.1996, c.62 (C.55:19-57), as shall seem to be to the best interest  
26 of the municipality. Upon the adoption of the resolution and the  
27 payment of the consideration as stated therein, the officers of the  
28 governing body authorized by resolution shall make, execute,  
29 acknowledge and deliver a deed without covenants to the purchaser,  
30 which deed shall vest in the purchaser all of the right, title and interest  
31 of the municipality in the real estate therein described. The deed need  
32 not contain any recitals, except a statement of the actual consideration.  
33 Such sales shall not include real estate, title to which has been  
34 perfected by the municipality. Any and all further or additional  
35 assignments of the tax sale certificates shall be promptly recorded in  
36 the office of the county clerk or register of deeds, as the case may be,  
37 of the county wherein the real property is situate, and a photocopy of  
38 the recorded assignment shall be served upon the local tax collector by  
39 certified mail, return receipt requested. When assignments have not  
40 been recorded and served upon the tax collector, the tax collector and  
41 the municipality shall be held harmless for the payment of any  
42 redemption amounts to the holder of the tax sale certificate as appears  
43 on the records of the tax collector.

44 (cf: P.L.1996, c.62, s.43)

1 8. R.S.54:5-113 is amended to read as follows:

2 54:5-113. When a municipality has or shall have acquired title to  
3 real estate by reason of its having been struck off and sold to the  
4 municipality at a sale for delinquent taxes and assessments, the  
5 governing body thereof may by resolution authorize a private sale of  
6 the certificate of tax sale therefor, together with subsequent liens  
7 thereon, for not less than the amount of liens charged against such real  
8 estate, except as provided in section 2 of P.L.1993, c.113  
9 (C.54:5-113.1) and subsection a. of section 38 of P.L.1996, c.62  
10 (C.55:19-57). The sale shall be made by assignment executed by such  
11 officers as may be designated in the resolution. When the total amount  
12 of the municipal liens shall, at the time of the proposed sale or  
13 assignment, exceed the assessed value of the real estate as of the date  
14 of the last sale thereof for unpaid taxes and assessments, the  
15 certificates, together with subsequent liens thereon, may be sold and  
16 assigned for a sum not less than such assessed value. Any and all  
17 further or additional assignments of the tax sale certificates shall be  
18 promptly recorded in the office of the county clerk or register of  
19 deeds, as the case may be, of the county wherein the real property is  
20 situate, and a photocopy of the recorded assignment shall be served  
21 upon the local tax collector by certified mail, return receipt requested.  
22 When assignments have not been recorded and served upon the tax  
23 collector, the tax collector and the municipality shall be held harmless  
24 for the payment of any redemption amounts to the holder of the tax  
25 sale certificate as appears on the records of the tax collector.  
26 (cf: P.L.1996, c.62, s.44)

27  
28 9. Section 4 of P.L.1993, c.325 (C.54:5-113.4) is amended to read  
29 as follows:

30 4. Notwithstanding the provisions of any other law, rule or  
31 regulation to the contrary, a municipality may assign, pledge or  
32 transfer to the New Jersey Economic Development Authority tax sale  
33 certificates held by the municipality for property located within its  
34 boundaries, together with subsequent liens thereon, as collateral for  
35 any bonds or notes issued by the authority by or on behalf of the  
36 municipality on the same terms and conditions as set forth in section  
37 2 of P.L.1993, c.113 (C.54:5-113.1) for any purposes permitted by  
38 law. For the purposes of this section "municipality" shall include  
39 municipalities acting jointly pursuant to section 2 of P.L.1993, c.113  
40 (C.54:5-113.1). Any and all further or additional assignments of the  
41 tax sale certificates shall be promptly recorded in the office of the  
42 county clerk or register of deeds, as the case may be, of the county  
43 wherein the real property is situate, and a photocopy of the recorded  
44 assignment shall be served upon the local tax collector by certified  
45 mail, return receipt requested. When assignments have not been  
46 recorded and served upon the tax collector, the tax collector and the

1 municipality shall be held harmless for the payment of any redemption  
2 amounts to the holder of the tax sale certificate as appears on the  
3 records of the tax collector.

4 (cf: P.L.1993, c.325, s.4)

5

6 10. Section 1 of P.L.1941, c.232 (C.54:5-114.1) is amended to  
7 read as follows:

8 1. In addition to any method now provided by law the governing  
9 body of any municipality may sell any certificate of tax sale held by  
10 such municipality by one of the following methods, but such sale shall  
11 not affect or impair any municipal lien subsequent to the certificate of  
12 tax sale:

13 (a) At public sale to the highest bidder. Such public sale shall be  
14 held after public notice of the time and place of sale, stating the  
15 description of the several lots and parcels of land covered by the  
16 certificate of sale and the name of the owner of the land as contained  
17 in the collector's list, together with the total amount required for  
18 redemption including all subsequent municipal liens with interest and  
19 costs, and stating in substance that the respective certificates of sale,  
20 not including any municipal lien subsequent thereto, will be sold to the  
21 highest bidder at said public sale, subject to confirmation by the  
22 governing body at its next regular meeting after the sale. Copies of  
23 the notice shall be set up in five of the most public places in the  
24 municipality and a copy of the notice shall be published in a newspaper  
25 circulating in the municipality once in each of two calendar weeks  
26 preceding the calendar week containing the day appointed for the sale.  
27 When the owner's name appears in the list and his post-office address  
28 is known, the collector shall mail to him at that address, postage  
29 prepaid, a copy of the notice, but failure to mail the notice shall not  
30 invalidate any proceeding hereunder. Such public sale may be  
31 adjourned once for a period not exceeding one week without  
32 readvertising; or

33 (b) The governing body may from time to time determine by  
34 resolution the certificates of tax sale held by such municipality which  
35 such municipality will agree to sell for an amount lower than the  
36 amount due on each such certificate of tax sale. After such  
37 determination the municipality shall give public notice set up in five  
38 of the most public places in such municipality, stating the description  
39 of the several lots and parcels of land covered by such certificate of  
40 sale and the name of the owner of the land as contained in the  
41 collector's list, together with the total amount required for redemption  
42 including all subsequent municipal liens with interest and costs, and  
43 stating in substance that the municipality will receive bids for any such  
44 certificate of sale, not including any municipal liens subsequent  
45 thereto, even though such bid be less than the amount due on such  
46 certificate of tax sale. Upon the receipt of any bid for any such

1 certificate of sale, not including any municipal liens subsequent  
2 thereof, which the governing body may be inclined to accept, the  
3 governing body shall give public notice setting forth the amount of the  
4 bid for the certificate of sale, not including any municipal liens  
5 subsequent thereto, the description of the several lots and parcels of  
6 land covered by such certificate of sale, the name of the owner of the  
7 land as contained in the collector's list, and also the total amount  
8 which would otherwise be required for redemption, and stating in  
9 substance that the governing body will accept or reject such bid at a  
10 regular meeting of the governing body and setting forth the place,  
11 time and date of such regular meeting. A copy of this last-mentioned  
12 public notice shall be set up in five of the most public places in the  
13 municipality and a copy of the same shall be published in a newspaper  
14 circulating in the municipality at least once in the week preceding the  
15 date set for the regular meeting of the governing body at which  
16 meeting such bid will be passed upon. When the owner's name  
17 appears in the list and his post-office address is known, the collector  
18 shall mail to him at that address, postage prepaid, a copy of this  
19 last-mentioned notice, but failure to mail the notice shall not  
20 invalidate any proceeding hereunder. At the regular meeting of the  
21 governing body, as contained in said notice, the governing body may  
22 accept or reject any such bid as contained in such notice or may at  
23 such meeting accept or reject any higher bid which may then be made  
24 for said certificate of sale, not including any municipal liens subsequent  
25 thereto, by any person.

26 Any and all assignments of a tax sale certificate purchased pursuant  
27 to this section shall be promptly recorded in the office of the county  
28 clerk or register of deeds, as the case may be, of the county wherein  
29 the real property is situate, and a photocopy of the recorded  
30 assignment shall be served upon the local tax collector by certified  
31 mail, return receipt requested. When assignments have not been  
32 recorded and served upon the tax collector, the tax collector and the  
33 municipality shall be held harmless for the payment of any redemption  
34 amounts to the holder of the tax sale certificate as appears on the  
35 records of the tax collector.

36 (cf: P.L.1941, c.232, s.1)

37

38 11. Section 1 of P.L.1943, c.149 (C.54:5-114.2) is amended to  
39 read as follows:

40 1. The governing body of any municipality may sell any certificate  
41 of tax sale including all subsequent municipal liens held by such  
42 municipality by one of the following methods:

43 (a) At public sale to the highest bidder. Such sale shall be held after  
44 public notice of the time and place stating the description of the  
45 several lots and parcels of land covered by the certificate of sale, and  
46 the name of the owner of the land as contained in the collector's list,

1 together with the total amount required for redemption including  
2 interest and costs to the date of sale and the amount of subsequent  
3 liens with interest, and stating in substance that the respective  
4 certificates of sale, including subsequent municipal liens will be sold  
5 to the highest bidder at said public sale subject to confirmation by the  
6 governing body at its next regular meeting after the sale. Copies of  
7 the notice shall be set up in five of the most public places in the  
8 municipality, and a copy of the notice shall be published in a  
9 newspaper circulating in the municipality once in each of two calendar  
10 weeks preceding the calendar week containing the day appointed for  
11 the sale. When the owner's name appears on the list and his  
12 post-office address is known, the collector shall mail to him at that  
13 address, postage prepaid, a copy of the notice, but failure to mail the  
14 notice shall not invalidate any proceedings hereunder. Such public sale  
15 may be adjourned once for a period not exceeding one month without  
16 readvertising; or

17 (b) The governing body may from time to time determine by  
18 resolution the certificates of tax sale including all subsequent liens held  
19 by such municipality which such municipality deems advisable to sell  
20 for an amount lower than the total amount due, together with interest  
21 and costs on the certificate of sale. After such determination the  
22 municipality shall give public notice set up in five of the most public  
23 places in such municipality, stating the description of the several lots  
24 and parcels of land covered by such certificate of sale and subsequent  
25 municipal liens and the name of the owner of the land as contained in  
26 the collector's list, together with the total amount required for  
27 redemption including all subsequent municipal liens with interest and  
28 costs and stating in substance that the municipality will receive bids for  
29 any such certificate of tax sale and subsequent municipal liens, even  
30 though such bid be less than the total amount due on such certificate  
31 of tax sale including all subsequent liens plus interests and costs.  
32 Upon the receipt of any bid which the governing body may be inclined  
33 to accept, the governing body shall give public notice setting forth the  
34 amount of the bid for the certificate of tax sale including subsequent  
35 municipal liens together with interest and costs, the description of the  
36 several lots and parcels of land covered by such certificate of sale and  
37 subsequent municipal liens, the name of the owner of the land as  
38 contained in the collector's list and also the total amount which would  
39 otherwise be required for redemption to the date of proposed sale and  
40 stating in substance that the governing body will accept or reject such  
41 bid at a regular meeting of the governing body and setting forth the  
42 place, time and date of such regular meeting. A copy of this  
43 last-mentioned public notice shall be published in a newspaper  
44 circulating in the municipality at least once in the week preceding the  
45 date set for the regular meeting of the governing body at which  
46 meeting such bid will be passed on. When the owner's name appears

1 in the list and his post-office address is known, the collector shall mail  
2 to him at that address, postage prepaid, a copy of this last-mentioned  
3 notice, but failure to mail the notice, shall not invalidate any  
4 proceeding hereunder. At the regular meeting of the governing body,  
5 as contained in said notice, the governing body may accept or reject  
6 any such bid as contained in such notice or may at such meeting  
7 accept or reject any higher bid which may then be made by any person  
8 for said certificate of sale, including subsequent municipal liens.

9 Any and all assignments of a tax sale certificate purchased pursuant  
10 to this section shall be promptly recorded in the office of the county  
11 clerk or register of deeds, as the case may be, of the county wherein  
12 the real property is situate, and a photocopy of the recorded  
13 assignment shall be served upon the local tax collector by certified  
14 mail, return receipt requested. When assignments have not been  
15 recorded and served upon the tax collector, the tax collector and the  
16 municipality shall be held harmless for the payment of any redemption  
17 amounts to the holder of the tax sale certificate as appears on the  
18 records of the tax collector.

19 (cf: P.L.1943, c.149, s.1)

20

21 12. Section 3 of P.L.1943, s.149 (C.54:5-114.4) is amended to  
22 read as follows:

23 3. Any and all purchasers of the tax sale certificates and subsequent  
24 municipal liens purchased, as hereinabove described, must foreclose at  
25 their own expense, the right of redemption, and record the final  
26 judgment in the county wherein the land is situate within two years  
27 from the date of the confirmation of the sale by the governing body.  
28 Any and all further or additional assignments of the tax sale certificates  
29 shall be promptly recorded in the office of the county clerk or register  
30 of deeds, as the case may be, of the county wherein the real property  
31 is situate, and a photocopy of the recorded assignment shall be served  
32 upon the local tax collector by certified mail, return receipt requested.  
33 When assignments have not been recorded and served upon the tax  
34 collector, the tax collector and the municipality shall be held harmless  
35 for the payment of any redemption amounts to the holder of the tax  
36 sale certificate as appears on the records of the tax collector.

37 (cf: P.L.1953, c.51, s.97)

38

39 13. This act shall take effect immediately.

40

41

42

## STATEMENT

43

44 This bill is substantially similar to Senate Bill No. 1456 (2R) which  
45 was conditionally vetoed by the Governor on May 15, 1997. This bill  
46 conforms to the Governor's conditional veto recommendations except

1 for the addition of a clarifying sentence in subsection a. of section 11  
2 of P.L.1963, c.144 (C.17:12B-11) to preserve the priority of municipal  
3 liens, and the omission of various amendatory sections which were  
4 substantially enacted in P.L.1997, c.99. Sections 1 and 2 of this bill  
5 clarify that municipal liens have priority over mortgage liens and  
6 condominium liens. Section 3 of the bill makes a technical change to  
7 a section of law concerning the form of tax sale certificates by  
8 removing references to when the right to redeem expires. Section 4  
9 specifies that a lien for assessments for benefits pursuant to R.S.54:5-7  
10 may be redeemed in the same manner as tax liens. Sections 5 and 6  
11 remove a reference to a repealed statute from R.S.54:5-55 and  
12 R.S.54:5-57 respectively. Sections 7 through 12 require that unless  
13 an assignment of a tax sale certificate is recorded, the municipality will  
14 be held harmless for the payment of redemption amounts to a person  
15 recorded as the holder of the certificate on the records of the tax  
16 collector.

17

18

19

20

---

21 Clarifies priority of municipal liens and clarifies tax lien redemption  
22 law.