

[First Reprint]

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 1127

STATE OF NEW JERSEY

ADOPTED SEPTEMBER 19, 1996

Sponsored by Senator ZANE

1 AN ACT concerning the foreclosure of tax liens and amending
2 R.S.54:5-86 and P.L.1948, c.96.

3

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

6

7 1. R.S.54:5-86 is amended to read as follows:

8 54:5-86. When the municipality is the purchaser of a tax sale
9 certificate, the municipality, or its assignee or transferee, may, at any
10 time after the expiration of the term of six months from the date of
11 sale, institute an action to foreclose the right of redemption. Except
12 as provided in subsection a. of section 39 of P.L.1996, c.62
13 (C.55:19-58), for all other persons that do not acquire a tax sale
14 certificate from a municipality, an action to foreclose the right of
15 redemption may be instituted at any time after the expiration of the
16 term of two years from the date of sale of the tax sale certificate. On
17 instituting the action the right to redeem shall exist and continue until
18 barred by the judgment of the Superior Court. In an action to
19 foreclose the right of redemption, only those persons having a right of
20 redemption as set forth in R.S.54:5-54 need be joined as party
21 defendants¹ except that if a public entity is a judgment creditor, the
22 certificate holder shall be required to join the public entity as a party
23 defendant.

24 As used in this section "public entity" includes the State, and any
25 county, municipality, district, public authority, public agency, and any
26 other political subdivision or public body in the State. "Public entity"
27 also includes any agency of the federal government¹.

28 (cf: P.L.1996, c.62, s.41)

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:

¹ Senate floor amendments adopted October 24, 1996.

1 2. Section 4 of P.L.1948, c.96 (C.54:5-104.32) is amended to read
2 as follows:

3 4. Any municipality may proceed, In Rem, pursuant to the
4 provisions of this act, similarly to bar rights of redemption, after said
5 certificate has been recorded in the office of the county recording
6 officer. Neither the foreclosure nor the recording of any such
7 judgment or certificate shall be construed to be a sale, transfer or
8 conveyance of title or interest to the subject property under the
9 provisions of the "Uniform Fraudulent Transfer Act," R.S.25:2-20 et
10 seq. In a foreclosure action, the municipality need join as party
11 defendants only those persons having a right of redemption as set forth
12 in R.S.54:5-54¹ except that if a public entity is a judgment creditor, the
13 certificate holder shall be required to join the public entity as a party
14 defendant.

15 As used in this section "public entity" includes the State, and any
16 county, municipality, district, public authority, public agency, and any
17 other political subdivision or public body in the State. "Public entity"
18 also includes any agency of the federal government¹.

19 (cf: P.L.1994, c.32, s.15)

20

21 3. This act shall take effect immediately.

22

23

24

25

26 Requires joining as party defendants in tax lien foreclosure actions
27 only persons with statutory right to redeem property.