

[Passed Both Houses]

ASSEMBLY COMMITTEE SUBSTITUTE FOR
SENATE, No. 1303

STATE OF NEW JERSEY

ADOPTED JUNE 9, 1997

Sponsored by Senators LYNCH, GORMLEY, Bryant,
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

- 1 pursuant to section 1 of P.L. , c. (C.) (now pending before
2 the Legislature as this bill) shall be as follows:
- 3 a. Accept transfers of municipal liens from member municipalities.
4 b. The sale of municipal liens in bulk and the securitization of liens
5 on behalf of its members, upon the approval of the Local Finance
6 Board.
7 c. The assessment of initial membership fees to fund the
8 operations of the joint municipal lien pool, such fees to be refunded
9 from proceeds of sales of liens.
10 d. The creation of special purpose pools of certain liens, subject
11 to approval of the Local Finance Board.
12 e. The employment of or contract with professionals, such as
13 administrators, trustees and other service providers, on such terms as
14 the board of directors of the pool deems appropriate, to manage the
15 affairs of the pool and to sell or securitize pooled liens.
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- 17 3. The operations of a joint municipal lien pool shall be subject to
18 the provisions of the "Local Public Contracts Law," P.L.1971, c.198
19 (C.40A:11-1 et seq.) and the "Local Fiscal Affairs Law,"
20 N.J.S.40A:5-1 et seq.
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- 22 4. a. No municipal lien shall be transferred to a joint municipal
23 lien fund unless the record owner of the property subject to the lien
24 has first been sent notice, by regular and certified mail, of the intended
25 transfer and been given an opportunity to redeem the lien at least 10
26 days prior to the transfer.
27 b. A municipal lien transferred to a joint municipal lien pool shall
28 remain the property of the municipality transferring the lien until
29 actually sold by the pool. Joint municipal lien pools shall not own or
30 foreclose upon municipal liens. The sale or securitization of a
31 municipal lien shall not affect redemption rights or the existing
32 foreclosure process.
33
- 34 5. A joint municipal lien pool may act on behalf of any member
35 municipal tax collector to execute lien certificates as part of a sale. All
36 interests and penalties otherwise due shall be paid to the municipality
37 up to and until the time the liens are sold or securitized.
38
- 39 6. Prior to any initial bulk sale, public sale at auction or
40 securitization of municipal liens by a joint municipal lien pool, the pool
41 shall file an operating plan for review and approval of Director of
42 Local Government Services in the Department of Community Affairs.
43 The operating plan shall include a method of distribution of revenues
44 that exceed the costs of operating the activities of the pool.
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- 46 7. The Director of the Division of Local Government Services in

1 the Department of Community Affairs may adopt rules and regulations
2 and issue orders, as necessary, to effectuate the purposes of this act.

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4 8. This act shall take effect immediately.

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9 Permits establishment of joint municipal lien pools.