

SENATE, No. 1456

STATE OF NEW JERSEY

INTRODUCED SEPTEMBER 19, 1996

By Senators CONNORS and Bubba

1 AN ACT concerning property taxes and liens and amending various  
2 sections 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 65 of P.L.1948, c.67 (C.17:9A-65) is amended to read  
8 as follows:

9 65. A. No bank shall make a mortgage loan secured by a mortgage  
10 upon real property unless

11 (1) (Deleted by amendment, P.L.1985, c.528.)

12 (2) The mortgaged property shall consist of improved real property,  
13 including farmlands, or unimproved real property, if the proceeds of  
14 such loan shall be used for the purpose of erecting improvements  
15 thereon;

16 (3) The mortgage securing such loan shall constitute a first lien on  
17 a fee; a mortgage shall be deemed a first lien notwithstanding the  
18 existence of a prior mortgage or mortgages held by the bank, [or liens  
19 of taxes which are not delinquent] except for municipal liens, a lien of  
20 a condominium association for up to six months of customary  
21 condominium assessments pursuant to section 21 of P.L.1969, c.257  
22 (C.46:8B-21), building restrictions or other restrictive covenants or  
23 conditions, leases or tenancies whereby rents or profits are reserved to  
24 the owner, joint driveways, sewer rights, rights in walls, rights-of-way  
25 or other easements, or encroachments, which the persons signing the  
26 certificate provided for in section 67 report in their opinion do not  
27 materially affect the security for the mortgage loan. Every mortgage  
28 shall be certified to be such a first lien by an attorney-at-law of the  
29 state in which the real property is located, or certified or guaranteed  
30 to be such a first lien by a corporation authorized to guarantee titles  
31 to land in such state;

32 (4) No such loan shall be made for a period longer than 40 years  
33 from its date, and no such loan shall exceed 80% of the appraised  
34 value of the mortgaged property; provided that there shall be included

**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 in the appraised value of the mortgaged property, for the purpose of  
2 this paragraph (4), the value of the improvements to be erected upon  
3 the mortgaged property wholly or partly with the proceeds of such  
4 loan; and

5 (5) The instrument evidencing the loan shall require payment to be  
6 made during each year on account of the principal amount of the loan,  
7 at a rate not less than 1% per annum of the original amount of the  
8 loan, if the original amount of the loan does not exceed 50% of the  
9 appraised value of the mortgaged property; or 2% per annum of the  
10 original amount of the loan, if the loan exceeds 50% but does not  
11 exceed 66 2/3% of such appraised value; or 4% per annum of the  
12 original amount of the loan, if the loan exceeds 66 2/3% of such  
13 appraised value; provided that, in lieu of such principal payments, the  
14 instrument evidencing any mortgage loan may require equal monthly  
15 payments, each applicable to principal and interest, in an amount  
16 sufficient to pay current interest and to repay the amount of the loan  
17 in not more than 40 years from its date; and provided further that  
18 when the proceeds of any such loan are to be used to pay, in whole or  
19 in part, the cost of constructing a building or buildings on the  
20 mortgaged property, and such proceeds are paid by the bank from time  
21 to time, final payment being made at or after completion, the  
22 instrument evidencing such loan need not require that any payment be  
23 made on account of the principal amount of the loan during the period  
24 from the date of such loan to a date not more than 18 months from the  
25 date of such loan; and such date marking the end of the period during  
26 which no payments are required to be made on account of the principal  
27 amount of the loan shall be deemed to be the date of such loan for the  
28 purpose of reckoning the 40-year period limited for the payment of  
29 such loan by this paragraph (5), and by paragraph (4) of this  
30 subsection.

31 B. The commissioner may, from time to time, with the concurrence  
32 of the banking advisory board, make, alter and rescind regulations: (1)  
33 Authorizing banks to make mortgage loans, or specified types or  
34 classes of mortgage loans, (a) which exceed 80% of the appraised  
35 value of the mortgaged property; (b) which mature in more than 25  
36 years from their date; (c) which require smaller annual payments on  
37 account of the principal amounts thereof than those specified in  
38 paragraph (5) of subsection A of this section; (d) which provide for  
39 equal monthly payments, each applicable to principal and interest, in  
40 amounts sufficient to pay current interest on and to repay the amount  
41 of the loan in such number of years, more than 40 but not more than  
42 45, as the regulations may specify; or (e) which substantially conform  
43 to the terms and conditions of mortgage loans authorized to be made  
44 by associations pursuant to the "Savings and Loan Act (1963),"  
45 P.L.1963, c.144 (C.17:12B-1 et seq.);

46 (2) Defining "improved real property" for the purposes of

1 paragraph (2) of subsection A of this section;

2 (3) Increasing the percentage of the time deposits or the aggregate  
3 of the unimpaired capital stock and surplus of banks which banks may  
4 invest in mortgage loans beyond the limitation expressed in subsection  
5 A of section 69;

6 (4) Increasing the percentage of the principal balances owing on  
7 mortgage loans of the kind referred to in section 68 which shall not be  
8 included in the total of all principal balances owing on mortgage loans  
9 for the purposes of subsection A of section 69, or eliminating entirely  
10 the principal balances owing on such mortgage loans from such total  
11 of all principal balances.

12 C. In making, altering and rescinding regulations pursuant to  
13 subsection B of this section, the commissioner and the banking  
14 advisory board shall consider the statutes and regulations applicable  
15 to national banks in the making or acquiring of loans secured by  
16 interests in real property and the practices followed by national banks  
17 in the making or acquiring of such loans. The regulations so made  
18 shall, so far as the commissioner and the banking advisory board deem  
19 to be warranted by the state of the economy and to be consistent with  
20 sound banking practices, be directed toward the creation and  
21 maintenance of a substantial parity between banks and national banks  
22 in all matters relating to the making and acquiring of loans secured by  
23 interests in real property. The power to regulate as provided in  
24 subsection B of this section may be exercised by the commissioner and  
25 the banking advisory board within the standards established by this  
26 subsection, notwithstanding that the subject of such regulation is not  
27 expressly set forth in subsection B of this section.

28 D. A bank may make a mortgage loan in excess of the ratio  
29 between appraised value and the amount of the loan as established by  
30 subsection A(4) of this section, provided that the amount of such  
31 excess is secured by other collateral having a value at all times at least  
32 equal to the amount of the principal balance in excess of that amount  
33 permitted by subsection A(4) or as established by regulation of the  
34 Commissioner of Banking.

35 (cf: P.L.1995, c.354, s.1)

36

37 2. Section 181 of P.L.1948, c.67 (C.17:9A-181) is amended to  
38 read as follows:

39 181. A. 1. A savings bank may make or invest in mortgage loans  
40 in the manner and subject to the limitations prescribed by this section.  
41 For the purposes of this section, "mortgage loan" shall include every  
42 indebtedness secured by mortgage on real property, or on a lease of  
43 the fee of real property (in any case in which such lease is lawful  
44 security for such mortgage loan), except as otherwise provided by  
45 subsection Q. of this section, and a savings bank shall be deemed to  
46 have made a mortgage loan when

1 (a) It lends or participates in lending money to a borrower upon the  
2 security of real property; or

3 (b) It acquires, by purchase or otherwise, a mortgage loan or any  
4 share or part of or interest in a mortgage loan which is not subordinate  
5 to any share or part thereof or interest therein held by any other  
6 person.

7 A savings bank may sell, assign or otherwise dispose of a share or  
8 part of or interest in a mortgage loan held by it to any other person.

9 2. For all purposes of compliance with the applicable provisions and  
10 restrictions of subsections D. and G. of this section as to the  
11 percentage of the mortgage loan to the appraised value of the  
12 mortgaged property, and the term of and rate of amortization of such  
13 loan, the date of the acquisition by a savings bank of a mortgage loan  
14 or a share or part thereof or interest therein shall, as respects such  
15 savings bank, be deemed to be the date as of which the mortgage loan  
16 was made and the unpaid amount of the principal then due shall be  
17 deemed to be the amount of such mortgage loan.

18 B. No savings bank shall make a mortgage loan at any time when  
19 the total cost of acquisition by the savings bank of all real property  
20 owned by it, other than real property held for the purposes specified  
21 in subparagraph (a) of paragraph (5) of section 24, and the total of all  
22 principal balances owing to the savings bank on mortgage loans, less  
23 all write-offs and reserves with respect to such real property and  
24 mortgage loans, together exceeds, or by the making of such loan will  
25 exceed, 80% of its deposits. For the purposes of this subsection,  
26 principal balances owing on mortgage loans made pursuant to  
27 subsection Q.(1) of this section shall, only to the extent of the  
28 unguaranteed portion of such balances, and loans made pursuant to  
29 subsection Q.(2) of this section shall, only to the extent of 50% of  
30 such balances, be included in the total of all principal balances owing  
31 to the savings bank on mortgage loans; and for the purposes of this  
32 subsection, principal balances owing on mortgage loans made by the  
33 use of funds received by the bank pursuant to the provisions of the  
34 "New Jersey Housing and Mortgage Finance Agency Law of 1983,"  
35 P.L.1983, c.530 (C.55:14K-1 et seq.), shall, only to the extent of 50%  
36 of such balances, be included in the total of all principal balances,  
37 owing to the savings bank on mortgage loans.

38 C. In the event that the real property offered as security for a  
39 mortgage loan is subject to one or more prior mortgage liens, the  
40 maximum amount of a mortgage loan which may be made pursuant to  
41 this section shall be reduced by the total amount of the mortgage loan  
42 or loans outstanding which are secured by the prior mortgage lien or  
43 liens, except that, if any prior mortgage lien or liens secure a line, or  
44 lines, of credit, the maximum amount of mortgage loan which may be  
45 made pursuant to this section shall be reduced by the total amount that  
46 may be borrowed under the line, or lines, of credit.

1 D. When the real property offered as security for a mortgage loan  
2 consists of a lot of land, or, in the case of condominiums, an interest  
3 in a lot of land, upon which there is one or more one-, two-, three-, or  
4 four-family dwellings including appropriate garages or other  
5 outbuildings, if any, or upon which such dwelling or dwellings,  
6 garages or outbuildings are in the course of construction or are to be  
7 constructed, the amount of the mortgage loan shall not exceed 90% of  
8 the appraised value of the real property; provided, however, where  
9 mortgage guaranty insurance is issued incident to such loan pursuant  
10 to the provisions of the Mortgage Guaranty Insurance Act, P.L.1968,  
11 c.248 (C.17:46A-1 et seq.), the amount of the mortgage loan shall not  
12 exceed 95% of the appraised value of the real property.

13 E. (Deleted by amendment.)

14 F. (Deleted by amendment.)

15 G. When the real property offered as security for a mortgage loan  
16 consists of a lot of land upon which there is a building or buildings  
17 other than dwellings of the nature described in subsection D. of this  
18 section, or upon which such other buildings are in the course of  
19 construction, or are to be constructed, or when such land is paved for  
20 parking lot purposes, the amount of the mortgage loan shall not  
21 exceed 80% of appraised value of such real property. The instrument  
22 evidencing a mortgage loan made pursuant to this subsection shall  
23 require that the loan be repaid in full in not more than 30 years and  
24 one month from the date it is made; and (a) if the amount of such loan,  
25 when made, exceeds 50%, of the appraised value of the real property,  
26 that payment shall be made in reduction thereof at least semiannually,  
27 at an annual rate equal to at least 1% of the original amount of such  
28 loan; or (b) if the amount of such loan, when made, does not exceed  
29 50% of the appraised value of the real property, that payments shall be  
30 made in reduction thereof at least semiannually, at an annual rate equal  
31 to at least 1/2% of the original amount of such loan; provided, that, in  
32 lieu of such principal payments, the instrument evidencing any  
33 mortgage loan may require equal monthly payments each applicable to  
34 principal and interest in an amount sufficient to pay current interest  
35 and to repay the amount of the loan in not more than 30 years and one  
36 month from its date. When, however, the amount of such loan does  
37 not, when made, exceed 50% of the appraised value of such real  
38 property, and the instrument evidencing such loan requires that it be  
39 paid in full in not more than five years and one month from the date it  
40 is made, the instrument need not require that any payment be made in  
41 reduction of such loan prior to its maturity date. Notwithstanding the  
42 limitations prescribed by subsection D. and hereinabove in this section,  
43 a savings bank may make a mortgage loan secured by a lot of land or  
44 two or more lots of land, contiguous or not, upon each of which there  
45 is a building or buildings, or upon each of which a building or  
46 buildings are in the course of construction or are to be constructed.

1 The limitations of this section governing the term of the loan, rate of  
2 amortization, and the percentage of the mortgage loan to the appraised  
3 value of each type of building, including land, shall apply. No loans  
4 shall be made under subsection D. or G. hereof to any one person or  
5 on any one property if the loans shall exceed 15% of the surplus,  
6 undivided profits, and reserves of the savings bank, or \$50,000.00,  
7 whichever is greater.

8 H. When the real property offered as security for a mortgage loan  
9 is of the nature described in subsection D. of this section, and the  
10 amount of the loan does not exceed  $66\frac{2}{3}\%$  of the appraised value of  
11 such real property, the instrument evidencing such loan shall be  
12 sufficient if it conforms to the requirements of subsection G. of this  
13 section.

14 I. A mortgage loan may be made for the purpose of enabling a  
15 borrower to construct a building or buildings upon real property  
16 owned by him, and, in such a case, the appraised value of the real  
17 property shall include the value of the building or buildings to be  
18 constructed, but at no time shall a greater sum be advanced on account  
19 of such loan than, in the opinion of (1) the appraisers hereinafter  
20 provided for, or (2) one of such appraisers and an officer of the  
21 savings bank designated for that purpose by the board of managers, is  
22 warranted by the state of completion of the buildings in process of  
23 construction. For the purposes of compliance with the applicable  
24 requirements of subsection G. of this section as to the term of and the  
25 rate of amortization of a loan made pursuant to this section, such loan  
26 shall be deemed to have been made when the final advance shall be  
27 made to the borrower on such loan, or 60 months from the date of the  
28 mortgage securing such loan, whichever is earlier.

29 J. When the real property offered as security for a mortgage loan  
30 consists of unimproved land, and the proceeds of the mortgage loan  
31 are not to be used to construct a building on the land, the amount of  
32 the loan shall not exceed 50% of the appraised value of the real  
33 property. When the real property offered as security for a mortgage  
34 loan consists of unimproved land, and the proceeds of the loan are to  
35 be used for improvements to the land, the amount of such loan shall  
36 not exceed 75% of the appraised value of such real property. The  
37 instrument evidencing a loan made pursuant to this subsection shall  
38 require that such loan be paid in full in not more than 10 years and one  
39 month from the date it is made. No loan made pursuant to this  
40 subsection shall exceed \$10,000.00, or  $\frac{3}{10}$  of 1% of the deposits of  
41 the savings bank, whichever is greater; nor shall any loan be made at  
42 any time when the total of all such loans exceeds, or if the making of  
43 such loan would cause such total to exceed 2% of the deposits of the  
44 savings bank.

45 K. No mortgage loan shall be made except upon a written  
46 certification signed by at least two persons, each of whom shall be

1 either a manager of the bank or an appraiser appointed by its board of  
2 managers. In the case of a mortgage loan secured by a mortgage upon  
3 real property, such certification shall state the opinion of such persons  
4 as to the value of the land and the improvements thereon or to be  
5 erected thereon and the character of such improvements. In the case  
6 of a mortgage loan secured by a mortgage upon a lease of the fee of  
7 real property, such certification shall state the opinion of such person  
8 as to the value of the leasehold interest to be subject to the mortgage,  
9 including the leasehold interest in the improvements erected or to be  
10 erected upon the leased property and the character of such  
11 improvements. Such certification shall be filed with the records of the  
12 bank, and shall be preserved until the savings bank has no interest, as  
13 mortgagee or otherwise, in the real property.

14 L. Purchase money mortgage loans made by a savings bank on the  
15 sale of real property owned by it shall not be subject to the preceding  
16 subsections or to subsection P. of this section, except that such loans  
17 shall be included in determining whether the total amount of mortgage  
18 loans held by a savings bank exceeds 80% of its deposits.

19 M. No savings bank shall make a mortgage loan secured by a  
20 mortgage upon a lease of the fee of real property unless

21 (1) The leased property is located within this State or, if outside  
22 this State, the leased property is located within 50 miles of the border  
23 of this State;

24 (2) The leased property shall consist of improved real property,  
25 including farmlands, or unimproved real property if the proceeds of  
26 such loan shall be used for the purpose of erecting improvements  
27 thereon;

28 (3) The mortgage securing such loan shall constitute a first lien on  
29 a lease of the fee of real property, which fee is not subject to any prior  
30 lien; the fee shall be deemed not subject to any prior lien  
31 [notwithstanding the existence of liens of taxes which are not  
32 delinquent] , except for municipal liens, a lien of a condominium  
33 association for up to six months of customary condominium  
34 assessments pursuant to section 21 of P.L.1969, c.257 (C.46:8B-21),  
35 building restrictions or other restrictive covenants or conditions, joint  
36 driveways, sewer rights, rights in walls, rights-of-way or other  
37 easements, or encroachments, which the persons signing the certificate  
38 provided for in subsection K. of this section report in their opinion do  
39 not materially affect the security for the mortgage loan. Every  
40 mortgage shall be certified to be such a first lien by an attorney-at-law  
41 of the state in which the real property is located, or certified or  
42 guaranteed to be such a first lien by a corporation authorized to  
43 guarantee titles to land in such state;

44 (4) Such loan shall not exceed 66 2/3% of the appraised value of  
45 the leasehold interest subject to the mortgage, including the leasehold  
46 interest in the improvements erected upon the mortgaged property, or

1 to be erected thereon wholly or partly with the proceeds of the  
2 mortgage loan; and

3 (5) The instrument evidencing the loan shall require that payment  
4 be made on account of the principal amount of such loan at an annual  
5 rate sufficient to repay such loan not later than one year prior to the  
6 expiration of the lease;

7 (6) Notwithstanding the foregoing, the terms of the loan are  
8 authorized for an association pursuant to subsections C. and D. of  
9 section 155 of the "Savings and Loan Act (1963)," P.L.1963, c.144  
10 (C.17:12B-155).

11 N. The instrument evidencing a mortgage loan may be in such  
12 form, and may contain such provisions, not inconsistent with law, as  
13 the savings bank may choose to insert for the protection of its lien and  
14 the preservation of its interest in the real property mortgaged to it.

15 O. Notwithstanding the limitations prescribed by the preceding  
16 subsections or by subsection P. of this section, a savings bank may

17 (1) For the purposes of preventing or mitigating loss, or of  
18 preserving the lien of its mortgage, or of conserving the value of the  
19 real property affected by its mortgage, (a) extend the time for the  
20 payment of principal or interest, (b) modify or waive any of the terms  
21 or conditions of the instrument evidencing a mortgage loan, (c) settle  
22 or compromise all or part of the amount due or to grow due on a  
23 mortgage loan, (d) sell or assign the mortgage loan, or a share or part  
24 thereof or interest therein, for such consideration as it shall deem  
25 proper, and (e) advance funds for the payment of any tax, lien, charge  
26 or claim whatsoever; and

27 (2) Make a loan in addition to an existing mortgage loan or loans  
28 held by it, upon the security of the same real property and secured by  
29 the existing mortgage or mortgages, in an amount not to exceed the  
30 difference between the balance due on the existing mortgage or  
31 mortgages and the original amount thereof; provided, however, that  
32 no such additional loan shall be made which shall increase the total  
33 amount due upon such mortgages over the amount which could be  
34 loaned upon the security of such real property. Such additional loan  
35 shall be repaid in equal monthly installments, beginning within one year  
36 from the date of such loan, with the payments adjusted so that the  
37 additional loan shall be repaid in full either before or at the maturity of  
38 the existing mortgage. If the unexpired term of such mortgage or  
39 mortgages shall have been reduced to 15 years or less, such term may  
40 be extended for an additional period of not more than 15 years.  
41 Adjustment of payments and extension of mortgage terms pursuant to  
42 this section shall comply with the provisions of subsection G. or H. of  
43 this section. If so provided in the original mortgage or a supplement  
44 or amendment thereto, persons who acquire any rights in or liens upon  
45 the mortgaged real property subsequent to the recording of the  
46 original mortgage or such supplement or amendment, as the case may

1 be, shall hold such rights and liens subject to the prior lien of the  
2 original mortgage and such supplement or amendment, if any, as  
3 security for such additional loan; and in such case, no title certificate  
4 or insurance under subsection C. of this section shall be required with  
5 respect to such additional loan.

6 P. Except as otherwise provided by this section, no savings bank  
7 shall make a mortgage loan if the making of such loan would cause the  
8 total of all unpaid balances of such loans held by the savings bank  
9 upon the security of the same real property or leasehold, to exceed the  
10 limitations imposed by this section upon the amount of a mortgage  
11 loan which may be made upon the security of such real property or  
12 such leasehold.

13 Q. A savings bank may invest in

14 (1) (a) Veterans' loans, wherever located, made pursuant to Title  
15 III of the Act of Congress of June 22, 1944, known as the  
16 "Servicemen's Readjustment Act of 1944," as amended, supplemented,  
17 revised, or recodified from time to time, which the Administrator of  
18 Veterans' Affairs or other officer or agency which succeeds to his  
19 powers and functions under said act has insured or guaranteed or has  
20 made a commitment to insure or guarantee, to the extent and in the  
21 manner provided in said act or the regulations made thereunder; and

22 (b) Veterans' loans, wherever located, made and insured or  
23 guaranteed in part as provided in paragraph (1)(a) of this subsection  
24 of this section, and, as to the balance thereof, insured or guaranteed  
25 by an insurer or guarantor named or described in paragraph (2) of this  
26 subsection of this section.

27 (c) Mortgages or deeds of trust or other securities made pursuant  
28 to paragraph (1)(a) of this subsection of this section shall not be  
29 subject to the provisions and restrictions of this section, except that  
30 they shall be included in determining whether total mortgage  
31 investments are within the limitation prescribed by subsection B. of  
32 this section, provided, however, that said mortgages or deeds of trust  
33 or other securities shall not be subject to the provisions of any law of  
34 this State prescribing or limiting the interest which may be taken upon  
35 such loans or investments.

36 (2) (a) Mortgages or deeds of trust or other securities of the  
37 character of mortgages which are first liens on the fee of real property  
38 or a lease of the fee of real property, wherever located, which (i) the  
39 United States, or (ii) the Federal Housing Commissioner under the Act  
40 of Congress of June 27, 1934, known as the "National Housing Act,"  
41 48 Stat. 1246 (12 U.S.C. 1701 et seq.) as amended, supplemented,  
42 revised or recodified from time to time, or other officer or agency  
43 which succeeds to his powers and functions, or (iii) the State of New  
44 Jersey or an officer or agency thereof, or (iv) any other officer or  
45 agency of the United States or of this State which the commissioner  
46 shall have approved for the purposes of this section as an insurer or

1 guarantor, has fully insured or guaranteed or made a commitment to  
2 fully insure or guarantee.

3 (b) Mortgages or deeds of trust or other securities made pursuant  
4 to paragraph (2)(a) of this subsection of this section shall not be  
5 subject to the provisions and restrictions of this section, except that  
6 they shall be included in determining whether total mortgage  
7 investments are within the limitation prescribed by subsection B. of  
8 this section, provided, however, that said mortgages or deeds of trust  
9 or other securities shall not be subject to the provisions of any law of  
10 this State prescribing or limiting the interest which may be taken upon  
11 such loans or investments.

12 R. The commissioner may, from time to time, make, alter and  
13 rescind regulations:

14 (1) Authorizing savings banks to make mortgage loans or specified  
15 types or classes of mortgage loans (a) which exceed the specified  
16 percentages of the appraised value of the mortgaged property; (b)  
17 which mature later than the specified periods from their date; (c)  
18 which require smaller annual payments on account of the principal  
19 amounts thereof than those specified in this section; (d) which provide  
20 for equal monthly payments each applicable to principal and interest  
21 in amounts sufficient to pay current interest on and to repay the  
22 amount of the loan in such number of years more than 40, but not  
23 more than 45, as the regulation may specify; or (e) which substantially  
24 conform to the terms and conditions of mortgage loans authorized to  
25 be made by associations pursuant to the "Savings and Loan Act  
26 (1963)," P.L.1963, c.144 (C.17:12B-1 et seq.);

27 (2) Increasing the percentage of deposits of savings banks which  
28 savings banks may invest in mortgage loans;

29 (3) Increasing the percentage of principal balances owing on  
30 mortgage loans referred to in subsection Q. which shall not be  
31 included in the total of all principal balances owing on mortgage loans  
32 for the purpose of subsection B.; or

33 (4) Eliminating entirely the principal balances owing on such  
34 mortgage loans from such total of all principal balances.

35 S. Notwithstanding the provisions of this section, a savings bank  
36 may make a mortgage loan in excess of the ratio between appraised  
37 value and the amount of the loan as such ratio is established herein,  
38 provided that such excess is secured by other collateral having a value  
39 at all times at least equal to the amount of the principal balance in  
40 excess of the amount permitted by subsection G., H., J., or M., of this  
41 section or as established by regulation of the Commissioner of  
42 Banking.

43 (cf: P.L.1995, c.354, s.2)

44

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

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

3       (a) A mortgage upon real property shall be deemed a first lien  
4 notwithstanding the existence of a prior mortgage or mortgages held  
5 by the association, [or liens of taxes or assessments which are not  
6 delinquent] except for municipal liens, a lien of a condominium  
7 association for up to six months of customary condominium  
8 assessments pursuant to section 21 of P.L.1969, c.257 (C.46:8B-21),  
9 building restrictions or other restrictive covenants or conditions, leases  
10 or tenancies whereby rents or profits are reserved to the owner, joint  
11 driveways, sewer rights, rights in walls, rights-of-way or other  
12 easements, or encroachments which do not materially affect the  
13 security for the mortgage loan.

14       (b) A mortgage upon a lease of the fee of real property shall be  
15 deemed a first lien [notwithstanding the existence of liens of taxes or  
16 assessments which are not delinquent] , except for municipal liens,  
17 building restrictions or other restrictive covenants or conditions, joint  
18 driveways, sewer rights, rights in walls, rights-of-way or other  
19 easements, or encroachments which do not materially affect the  
20 security for the mortgage loan.

21       (c) A mortgage upon an apartment which is part of a horizontal  
22 property regime, established under the "Horizontal Property Act,"  
23 P.L.1963, c.168 (C.46:8A-1 et seq.) or upon a unit which is part of a  
24 condominium established pursuant to the "Condominium Act,"  
25 P.L.1969, c.257 (C.46:8B-1 et seq.) shall be deemed a first lien  
26 notwithstanding the existence of other proportionate undivided  
27 interests in the "general common elements" or "common elements" of  
28 such horizontal property regime or condominium, as the case may be,  
29 as the same are defined in the "Horizontal Property Act," and the  
30 "Condominium Act," respectively, and notwithstanding the  
31 indivisibility of such common elements or the existence of a prior  
32 mortgage or mortgages held by the association upon such apartment  
33 or unit or the existence of a prior mortgage or mortgages on other  
34 apartments or units within the particular horizontal property regime or  
35 condominium, as the case may be, regardless of whether such prior  
36 mortgages are held by the association or any other mortgagee [and  
37 notwithstanding liens of taxes or assessments which are not  
38 delinquent] , except for municipal liens, building restrictions or other  
39 restrictive covenants or conditions, leases or tenancies whereby rents  
40 or profits are reserved to the owner, or other easements or  
41 encroachments which do not materially affect the security for the  
42 mortgage loan.

43       (d) Every mortgage shall be certified to be a first lien by an attorney  
44 at law of the state in which the real property is located, or certified or  
45 guaranteed to be a first lien by a corporation authorized to guarantee

1 titles to real property in such state.

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

3

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

6 21. a. The association shall have a lien on each unit for any unpaid  
7 assessment duly made by the association for a share of common  
8 expenses or otherwise, including any other moneys duly owed the  
9 association, upon proper notice to the appropriate unit owner,  
10 together with interest thereon and, if authorized by the master deed or  
11 bylaws, late fees, fines and reasonable attorney's fees; provided  
12 however that an association shall not record a lien in which the unpaid  
13 assessment consists solely of late fees. Such lien shall be effective  
14 from and after the time of recording in the public records of the county  
15 in which the unit is located of a claim of lien stating the description of  
16 the unit, the name of the record owner, the amount due and the date  
17 when due. Such claim of lien shall include only sums which are due  
18 and payable when the claim of lien is recorded and shall be signed and  
19 verified by an officer or agent of the association. Upon full payment  
20 of all sums secured by the lien, the party making payment shall be  
21 entitled to a recordable satisfaction of lien. Except as set forth in  
22 subsection b. of this section, all such liens shall be subordinate to any  
23 lien for past due and unpaid property taxes, the lien of any mortgage  
24 to which the unit is subject and to any other lien recorded prior to the  
25 time of recording of the claim of lien.

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

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

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

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

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

4 (5) A lien of an association shall not be granted priority over a  
5 prior recorded mortgage or mortgages under this subsection if a prior  
6 recorded lien of the association for unpaid assessments has obtained  
7 priority over the same recorded mortgage or mortgages as provided  
8 in this subsection, for a period of 60 months from the date of  
9 recording of the lien granted priority.

10 (6) When recording a lien which may be granted priority pursuant  
11 to this act, an association shall notify, in writing, any holder of a first  
12 mortgage lien on the property of the filing of the association lien. An  
13 association which exercises a good faith effort but is unable to  
14 ascertain the identity of a holder of a prior recorded mortgage on the  
15 property will be deemed to be in substantial compliance with this  
16 paragraph.

17 For the purpose of this section, a "customary condominium  
18 assessment" shall mean an assessment for periodic payments, due the  
19 association for regular and usual operating and common area expenses  
20 pursuant to the association's annual budget and shall not include  
21 amounts for reserves for contingencies, nor shall it include any late  
22 charges, penalties, interest or any fees or costs for the collection or  
23 enforcement of the assessment or any lien arising from the assessment.  
24 The periodic payments due must be due monthly, or no less frequently  
25 than quarter-yearly, as may be acceptable to the Federal National  
26 Mortgage Association so as not to disqualify an otherwise superior  
27 mortgage on the condominium from purchase by the Federal National  
28 Mortgage Association as a first mortgage.

29 c. Upon any voluntary conveyance of a unit, the grantor and  
30 grantee of such unit shall be jointly and severally liable for all unpaid  
31 assessments pertaining to such unit duly made by the association or  
32 accrued up to the date of such conveyance without prejudice to the  
33 right of the grantee to recover from the grantor any amounts paid by  
34 the grantee, but the grantee shall be exclusively liable for those  
35 accruing while he is the unit owner.

36 d. Any unit owner or any purchaser of a unit prior to completion  
37 of a voluntary sale may require from the association a certificate  
38 showing the amount of unpaid assessments pertaining to such unit and  
39 the association shall provide such certificate within 10 days after  
40 request therefor. The holder of a mortgage or other lien on any unit  
41 may request a similar certificate with respect to such unit. Any person  
42 other than the unit owner at the time of issuance of any such certificate  
43 who relies upon such certificate shall be entitled to rely thereon and his  
44 liability shall be limited to the amounts set forth in such certificate.

45 e. If a mortgagee of a first mortgage of record or other purchaser  
46 of a unit obtains title to such unit as a result of foreclosure of the first

1 mortgage, such acquirer of title, his successors and assigns shall not  
2 be liable for the share of common expenses or other assessments by  
3 the association pertaining to such unit or chargeable to the former unit  
4 owner which became due prior to acquisition of title as a result of the  
5 foreclosure. Any remaining unpaid share of common expenses and  
6 other assessments, except assessments derived from late fees or fines,  
7 shall be deemed to be common expenses collectible from all of the  
8 remaining unit owners including such acquirer, his successors and  
9 assigns.

10 f. Liens for unpaid assessments may be foreclosed by suit brought  
11 in the name of the association in the same manner as a foreclosure of  
12 a mortgage on real property. The association shall have the power,  
13 unless prohibited by the master deed or bylaws to bid on the unit at  
14 foreclosure sale, and to acquire, hold, lease, mortgage and convey the  
15 same. Suit to recover a money judgment for unpaid assessments may  
16 be maintained without waiving the lien securing the same.

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

18

19 5. R.S.54:4-65 is amended to read as follows:

20 54:4-65. a. The Director of the Division of Local Government  
21 Services in the Department of Community Affairs shall approve the  
22 form and content of property tax bills.

23 b. Each tax bill shall have printed thereon a brief tabulation  
24 showing the distribution of the amount raised by taxation in the taxing  
25 district, in such form as to disclose the rate per \$100.00 of assessed  
26 valuation or the number of cents in each dollar paid by the taxpayer  
27 which is to be used for the payment of State school taxes, other State  
28 taxes, county taxes, local school expenditures and other local  
29 expenditures. The last named item may be further subdivided so as to  
30 show the amount for each of the several departments of the municipal  
31 government. In lieu of printing such information on the tax bill, any  
32 municipality may furnish the tabulation required hereunder and any  
33 other pertinent information in a statement accompanying the mailing  
34 or delivery of the tax bill. There shall be included on or with the tax  
35 bill the delinquent interest rate or rates to be charged and any end of  
36 year penalty that is authorized.

37 c. The appropriate tax bill or form mailed with the tax bill shall also  
38 contain a statement reporting amounts of State aid and assistance  
39 received by the municipality, school districts, special districts and  
40 county governments used to offset local tax levies. The director shall  
41 provide each tax collector with a certification of the amounts of said  
42 State aid and assistance for inclusion in the tax bill.

43 d. The tax bill or form mailed with the tax bill shall include thereon  
44 the date upon which each installment is due.

45 (cf: P.L.1994, c.32, s.2)

1       6. R.S.54:4-66 is amended to read as follows:

2       54:4-66. a. Taxes for municipalities operating under the calendar  
3 fiscal year shall be payable the first installment as hereinafter provided  
4 on February 1, the second installment on May 1, the third installment  
5 on August 1 and the fourth installment on November 1, after which  
6 dates if unpaid, they shall become delinquent and remain delinquent  
7 until such time as all unpaid taxes, including taxes and other liens  
8 subsequently due and unpaid, together with interest have been fully  
9 paid and satisfied;

10       b. From and after the respective dates hereinbefore provided for  
11 taxes to become delinquent, the taxpayer or property assessed shall be  
12 subject to the interest and penalties hereinafter prescribed;

13       c. The dates hereinbefore provided for payment of the first and  
14 second installments of taxes being before the true amount of the tax  
15 will have been determined, the amount to be payable as each of the  
16 first two installments shall be one-quarter of the total tax finally levied  
17 against the same property or taxpayer for the preceding year or, if  
18 directed to do so for the tax year by resolution of the municipal  
19 governing body, one-half of the tax levied for the second half of the  
20 preceding tax year, as appropriate; and the amount to be payable for  
21 the third and fourth installments shall be the full tax as levied for the  
22 current year, less the amount charged as the first and second  
23 installments; the amount thus found to be payable as the last two  
24 installments shall be divided equally for and as each installment. An  
25 appropriate adjustment by way of discount shall be made, if it shall  
26 appear that the total of the first and second installments exceeded  
27 one-half of the total tax as levied for the year;

28       d. (Deleted by amendment, P.L.1994, c.72).

29       e. Taxes may be received and credited as payments at any time,  
30 even prior to the dates hereinbefore fixed for payment, from the  
31 property owners, their agents or lien holders; however, no interest  
32 shall accrue until the delinquency date. Up to and including the  
33 payment date for each quarter, priority of payment shall be given to  
34 the property owner when third party tax liens exist against the  
35 property.

36 (cf: P.L.1994, c.72, s.1)

37

38       7. Section 2 of P.L.1994, c.72 (C.54:4-66.1) is amended to read as  
39 follows:

40       2. Taxes in municipalities operating under the State fiscal year shall  
41 be payable and shall be delinquent pursuant to the following  
42 provisions:

43       a. Taxes shall be payable the first installment as hereinafter  
44 provided on February 1, the second installment on May 1, the third  
45 installment on August 1 and the fourth installment on November 1,  
46 after which dates if unpaid, they shall become delinquent and remain

1 delinquent until such time as all unpaid taxes, including taxes and other  
2 liens subsequently due and unpaid, together with interest have been  
3 fully paid and satisfied;

4 b. From and after the respective dates hereinbefore provided for  
5 taxes to become delinquent, the taxpayer or property assessed shall be  
6 subject to the penalties hereinafter prescribed;

7 c. The following terms and phrases shall have the meaning defined  
8 below when calculating taxes under this section:

9 "Assessed value" means the net valuation taxable of each parcel of  
10 property in a municipality in the current tax year.

11 "Billing percentage" is used to calculate the amount required to  
12 meet municipal and non-municipal fiscal obligations for the first six  
13 months of the calendar year.

14 "Calendar year" means the current calendar year.

15 "Certification of tax billing levies" is the form and associated  
16 procedures promulgated by the director on which the tax collector  
17 calculates the appropriate billing amounts for the first and second  
18 installments of the calendar year.

19 "Director" means the director of the Division of Local Government  
20 Services.

21 "Municipal tax levy" means the tax levy set in the municipal budget  
22 for the current fiscal year.

23 "Non-municipal tax levy" means the total of all of the tax levies  
24 certified by the county board of taxation for non-municipal purposes  
25 for the calendar year.

26 "Preliminary municipal tax levy" is the amount certified by the  
27 governing body for the purposes of third and fourth installment  
28 municipal tax levy.

29 "Prior year" means the calendar year just previous to the quarters  
30 being billed.

31 "Six month required non-municipal tax levy" means the amount  
32 necessary to be paid by the municipality to the county and  
33 non-municipal taxing districts for the first six months of the calendar  
34 year.

35 "Total adjusted prior year taxes" means the prior year taxes billed  
36 after adjustments are made to incorporate changes to tax bills between  
37 tax billings.

38 "Total assessed value" means the total net valuation taxable for the  
39 municipality pursuant to the most recent Table of Aggregates  
40 promulgated by the County Board of Taxation.

41 d. The following formulas shall be utilized in calculating the taxes  
42 for each parcel or property:

43 (1) the municipal rate shall be the preliminary municipal tax levy  
44 divided by the total assessed value per one hundred dollars of assessed  
45 valuation.

46 (2) the non-municipal rate shall be the non-municipal tax levy

1 divided by the total assessed value per one hundred dollars of assessed  
2 value.

3 (3) "Municipal billing percentage" shall be the municipal tax levy  
4 less the sum of the adjusted taxes billed for the prior year third and  
5 fourth installments, divided by the total adjusted prior year taxes.

6 (4) "Non-municipal billing percentage" shall be calculated by  
7 dividing the six month required non-municipal tax levy by the total  
8 adjusted prior year taxes.

9 e. Taxes for each parcel or property shall be calculated as follows:

10 (1) The tax collector shall prepare the certification of tax billing  
11 levies and calculate the first and second installments by computing the  
12 municipal portion, which shall be the municipal billing percentage  
13 multiplied by the total adjusted prior year taxes; and then the  
14 non-municipal portion, which shall be the non-municipal billing  
15 percentage multiplied by the total adjusted prior year taxes. The sum  
16 of the two shall be divided in half for each installment. A copy of the  
17 certification shall be filed with the director and the county board of  
18 taxation.

19 (2) The third and fourth installments shall be calculated by  
20 computing the municipal portion, which shall be the product of the  
21 municipal rate times the total assessed value per one hundred dollars  
22 of assessed value, and subtracting the taxes billed for the previous first  
23 and second installments; and then the non-municipal portion which  
24 shall be the product of the non-municipal rate times the total assessed  
25 value per one hundred dollars of assessed value, and subtracting the  
26 taxes billed for the previous first and second installments. The sum of  
27 the two shall be divided in half for each installment.

28 f. Taxes may be received and credited as payments at any time,  
29 even prior to the dates hereinabove fixed for payment, from the  
30 property owners, their agents or lien holders; however, no interest  
31 shall accrue until the delinquency date. Up to and including the  
32 payment date for each quarter, priority of payment shall be given to  
33 the property owner when third party tax liens exist against the  
34 property.

35 (cf: P.L.1994, c.72, s.2)

36

37 8. R.S.54:4-67 is amended to read as follows:

38 54:4-67. a. The governing body of each municipality may by  
39 resolution fix the rate of discount to be allowed for the payment of  
40 taxes or assessments previous to the date on which they would become  
41 delinquent. The rate so fixed shall not exceed 6% per annum, shall be  
42 allowed only in case of payment on or before the thirtieth day previous  
43 to the date on which the taxes or assessments would become  
44 delinquent. The governing body may also fix the rate of interest to be  
45 charged for the nonpayment of taxes [or], assessments, or other  
46 municipal liens or charges, unless otherwise provided by law, on or

1 before the date when they would become delinquent, and may provide  
2 that no interest shall be charged if payment of any installment is made  
3 within the tenth calendar day following the date upon which the same  
4 became payable. The rate so fixed shall not exceed 8% per annum on  
5 the first \$1,500.00 of the delinquency and 18% per annum on any  
6 amount in excess of \$1,500.00, to be calculated from the date the tax  
7 was payable until the date that actual payment to the [lienholder will  
8 be next authorized] tax collector is made. Additionally, the governing  
9 body may establish, by resolution, a single delinquency rate not to  
10 exceed 18% per annum.

11 b. In any year when the governing body changes the rate of interest  
12 to be charged for delinquent taxes, assessments or other municipal  
13 charges, or to be charged for the end of the year penalty, the  
14 governing body, after adoption of a resolution changing the rate of  
15 interest, shall provide a notice to all taxpayers, prior to the date taxes  
16 are next due or with the tax bill, stating the new rate or rates to be  
17 charged and the date that the new rate or rates take effect. The notice  
18 may be separate from the tax bill. A copy of the notice shall be filed  
19 with the Director of the Division of Local Government Services in the  
20 Department of Community Affairs. No change in the rate of interest  
21 or the end of year penalty shall take effect until the required notice has  
22 been provided and filed in accordance with this subsection.

23 "Delinquency" means the sum of all taxes and municipal charges  
24 due on a given parcel of property covering any number of quarters or  
25 years. The property shall remain delinquent, as defined herein, until  
26 such time as all unpaid taxes, including subsequent taxes and liens,  
27 together with interest thereon shall have been fully paid and satisfied.  
28 The delinquency shall remain notwithstanding the issuance of a  
29 certificate of sale pursuant to R.S.54:5-32 and R.S.54:5-46, and for  
30 the purposes of satisfying the requirements for filing any tax appeal  
31 with the county board of taxation or the State tax court. The  
32 governing body may also fix a penalty to be charged to a taxpayer with  
33 a delinquency in excess of \$10,000 who fails to pay that delinquency  
34 as billed, prior to the end of the fiscal year. If [such taxes are fully]  
35 any fiscal year delinquency in excess of \$10,000 is paid [and satisfied]  
36 by the holder of an outstanding tax sale certificate, the holder shall be  
37 entitled to receive the amount of the penalty as part of the amount  
38 required to redeem such certificate of sale providing the payment is  
39 made by the tax lien holder prior to the end of the fiscal year. If the  
40 holder of the outstanding tax sale certificate does not make the  
41 payment in full prior to the end of the fiscal year, then the holder shall  
42 be entitled to a pro rata share of the delinquency penalty upon  
43 redemption, and the balance of the penalty shall inure to the benefit of  
44 the municipality. The penalty so fixed shall not exceed 6% of the

1 amount of the delinquency with respect to each most recent fiscal year  
2 only.

3 (cf: P.L.1994, c.32, s.4)

4

5 9. R.S.54:5-19 is amended to read as follows:

6 54:5-19. When unpaid taxes or any municipal lien, or part thereof,  
7 on real property, remains in arrears on [April first] the 11th day of the  
8 11th month in the fiscal year [following the fiscal year] when the same  
9 became in arrears, [or, in the case of municipalities that operate on the  
10 State fiscal year, on October first in the fiscal year following the fiscal  
11 year when the same became in arrears,] the collector or other officer  
12 charged by law in the municipality with that duty, shall, subject to the  
13 provisions of the next paragraph, enforce the lien by selling the  
14 property in the manner set forth in this article.

15 The term "collector" as hereinafter used includes any such officer,  
16 and the term "officer" includes the collector.

17 The municipality may by resolution direct that [where] when unpaid  
18 taxes or other municipal liens or charges, or part thereof, are in arrears  
19 [for more than one year] as of the 11th day of the 11th month of the  
20 fiscal year, such sale shall include only such unpaid taxes or other  
21 municipal liens or charges as were in arrears in the fiscal year  
22 designated in such resolution, and may by resolution, either general or  
23 special, direct that there shall be omitted from such sale any or all such  
24 unpaid taxes, and other municipal liens, or parts thereof, on real  
25 property, upon which regular, equal monthly installment payments are  
26 being made, in pursuance to such agreement as may be authorized by  
27 said resolution between the collector and the owner or person  
28 interested in the property upon which such delinquent taxes may be  
29 due; provided, that said agreement shall require payment of such  
30 installment payments in amounts large enough to pay in full all  
31 delinquent taxes, assessments and other municipal liens held by the  
32 municipality, in not more than five years from the date of such  
33 agreement; provided, that the extension of time for payment of such  
34 arrearages herein authorized shall not apply to any parcel of property  
35 which prior thereto has been included in any plan theretofore adopted  
36 by any municipality of this State under and pursuant to the provisions  
37 of any public statute of this State whereunder prior extensions for the  
38 payment of delinquent taxes were authorized; provided further, that  
39 the right of any person interested in such property to pay such arrears  
40 in such installments shall be conditioned on the prompt payment of the  
41 installments of taxes for the current year in which such agreement is  
42 made, and all subsequent taxes, assessments and other municipal liens  
43 imposed or becoming a lien thereafter, including all installments  
44 thereafter payable on assessments theretofore levied, and also the  
45 prompt payment of all installments of arrears as hereinbefore  
46 authorized; and provided further, that in case any such installment of

1 arrears or any new taxes, assessments or other liens are not promptly  
2 paid, that is to say, within thirty days after the date when the same is  
3 due and payable, then such agreement shall be void, and in any such  
4 case the collector, or other officer charged by law with that duty, shall  
5 proceed to enforce such lien by selling in the manner in this article  
6 provided.

7 (cf: P.L.1991, c.75, s.43)

8

9 10. R.S.54:5-26 is amended to read as follows:

10 54:5-26. Copies of the notice of a tax sale shall be set up in five of  
11 the most public places in the municipality, and a copy of the notice  
12 shall be published in a newspaper circulating in the municipality, once  
13 in each of the four calendar weeks preceding the calendar week  
14 containing the day appointed for the sale. In lieu of any two  
15 publications, notice to the property owner may be given by mail, the  
16 costs of which shall be added to the cost of the sale in addition to  
17 those provided in R.S.54:5-38 not to exceed \$25 for each notice. If  
18 ordinances of the municipality are required to be published in any  
19 special newspaper or newspapers, the notice shall be published therein.

20 (cf: R.S.54:5-26)

21

22 11. R.S.54:5-47 is amended to read as follows:

23 54:5-47. The certificate shall be substantially in the following form:

24 "I, ..... , collector of taxes of  
25 ..... (name of municipality), hereby certify  
26 that on ....., 19..... , I sold to  
27 ..... for ..... dollars, the  
28 lands in the municipality described as ..... on  
29 the tax duplicate of the municipality, and assessed thereon to  
30 ..... as owner (followed by amplified description if  
31 desired). The amount of sale was made up of the following items  
32 (followed by the items, including interest and costs). The sale is  
33 subject to redemption on repayment of the amount of the sale,  
34 together with interest thereon at the rate of ..... per cent per  
35 annum from the date of sale, and the costs incurred by the purchaser.  
36 The sale is subject only to municipal liens accruing after  
37 ..... (insert date of last item of taxes or assessment  
38 for which sale is made). [The right to redeem will expire in six months  
39 after the service of notice to redeem, except that the right to redeem  
40 shall extend for six months from the date of sale when the municipality  
41 is the purchaser and extend for two years from the date of sale for all  
42 other purchasers.]

43 "Witness my hand and seal this ..... day of  
44 ....., 19 (Followed by acknowledgment)."

45 (cf: P.L.1991, c.75, s.47)

1       12. Section 1 of P.L.1940, c.90 (C.54:5-52.1) is amended to read  
2 as follows:

3       1. In case of the destruction or loss of a tax title certificate which  
4 was [acquired] issued by any municipality in this State at a tax sale  
5 held in that municipality [and the said municipality is the lawful owner  
6 thereof], the collector of taxes, the receiver of taxes, or the person  
7 lawfully charged with the collection of taxes in said municipality shall  
8 issue and execute a new certificate of tax sale in place of the one  
9 which has been destroyed or lost; provided, he or she shall have been  
10 duly authorized so to do by a resolution of the governing body of the  
11 said municipality[; and provided, further, said original tax sale  
12 certificate had been issued at least two years prior thereto]. There  
13 shall appear on the new certificate a statement that it is a duplicate of  
14 the original one which was destroyed or lost and the date of said  
15 original certificate and the date of the tax sale upon which it was  
16 issued and the name and title of officer who issued same. The  
17 municipality may charge a fee not to exceed \$100 for the duplicate  
18 certificate.

19 (cf: P.L.1940, c.90, s.1)

20

21       13. R.S.54:5-54 is amended to read as follows:

22       54:5-54. Except as hereinafter provided, the owner, his heirs,  
23 holder of [a prior] any outstanding tax lien certificate, mortgagee, or  
24 occupant of land sold for municipal taxes, assessment for benefits  
25 pursuant to R.S.54:5-7 or other municipal charges, may redeem it at  
26 any time until the right to redeem has been cut off in the manner in this  
27 chapter set forth, by paying to the collector, or to the collector of  
28 delinquent taxes on lands of the municipality where the land is situate,  
29 for the use of the purchaser, his heirs or assigns, the amount required  
30 for redemption as hereinafter set forth.

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

32

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

34       54:5-55. The collecting officer on receiving payment in full shall[,  
35 except as provided in section 54:5-56 of this title,] execute and deliver  
36 to the person redeeming a certificate of redemption which may be  
37 recorded with the register of deeds, or if there is no register, with the  
38 county clerk. The county clerk or register, as the case may be, shall,  
39 on request, note on the record of the original certificate of sale a  
40 reference to the record of the certificate of redemption, and shall be  
41 entitled therefor to the same fees as provided respectively for the  
42 cancellation of mortgages and for the record of discharges thereof, or,  
43 at the option of the person redeeming, the collecting officer shall  
44 procure and deliver to the owner the certificate of sale receipted for  
45 cancellation by indorsement in the same manner required by law to  
46 satisfy or cancel a mortgage, whereupon the record of the certificate

1 of sale shall be canceled by the county clerk or register, as the case  
2 may be, in the same manner and for the same fees as in the case of  
3 mortgages.

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

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

7 54:5-57. a. The collecting officer shall at once, on receipt of the  
8 redemption money, mail notice thereof to the purchaser, if his address  
9 can be ascertained, and shall pay all redemption moneys to him or his  
10 assigns on his surrender of the certificate of sale and compliance with  
11 the provisions of [sections] section 54:5-55 [and 54:5-56] of this title.

12 b. When the holder of a tax sale certificate for which a redemption  
13 amount has been paid to the collecting officer has not been claimed  
14 within a five-year period from the date of notice to the holder sent by  
15 certified mail, return receipt requested, all sums due to the holder shall  
16 escheat to the State and 75% of that sum shall be retained by the  
17 municipality holding the funds and the remaining 25% shall be  
18 forwarded to the Treasurer of the State of New Jersey pursuant to  
19 rules and regulations promulgated by the Division of Local  
20 Government Services in the Department of Community Affairs in  
21 consultation with the State Treasurer. Notice shall be deemed to have  
22 been given for the purposes of commencing the five-year period if the  
23 whereabouts of the holder are unknown, as verified by the return of a  
24 certified letter addressed to him at his last known address.

25 (cf: R.S.54:5-57)

26  
27 16. R.S.54:5-58 is amended to read as follows:

28 54:5-58. The amount required to redeem within 10 days from and  
29 including the date of sale, unless a tax sale certificate has been duly  
30 issued, shall be the sum paid at the sale, with interest from the date of  
31 sale at the rate of redemption for which the property was sold. After  
32 10 days from the date of sale, including the date of sale as the first  
33 day, or after issuance of the tax sale certificate, the amount required  
34 for redemption shall be that amount plus the expenses incurred by the  
35 purchaser as hereinafter provided, and subsequent municipal liens, as  
36 provided in sections 54:5-59 and 54:5-60 of this Title. Where,  
37 because of municipal fiscal restrictions imposed upon the tax collector,  
38 the transmission of the redemption sum to the purchaser is dependent  
39 upon the approval of the governing body, or other officer, of the  
40 municipality, such interest shall be computed to the time when such  
41 governing body or officer may next act with respect thereto.

42 (cf: P.L.1965, c.187, s.4)

43  
44 17. R.S.54:5-60 is amended to read as follows:

45 54:5-60. If the certificate of sale is not held by the municipality, the  
46 amount required for redemption shall include all sums for subsequent

1 taxes, municipal liens and charges, and interest and costs thereon,  
2 actually paid by the holder of the tax title or his predecessor therein,  
3 together with interest on the amount so paid at the rate or rates  
4 chargeable by the municipality, provided the holder of such title shall  
5 have made and filed with the collecting officer an affidavit showing the  
6 amount of such payment, which affidavit may be taken before such  
7 officer.

8 (cf: R.S.54:5-60)

9  
10 18. R.S.54:5-112 is amended to read as follows:

11 54:5-112. When a municipality has or shall have acquired title to  
12 real estate by reason of its having been struck off and sold to the  
13 municipality at a sale for delinquent taxes or assessments, the  
14 governing body thereof may, by resolution adopted by a majority  
15 thereof by roll call, sell such real estate at private sale to such person  
16 and for such sums, not less than the amount of municipal liens charged  
17 against the same, except as provided in subsection a. of section 38 of  
18 P.L.1996, c.62 (C.55:19-57), as shall seem to be to the best interest  
19 of the municipality. Upon the adoption of the resolution and the  
20 payment of the consideration as stated therein, the officers of the  
21 governing body authorized by resolution shall make, execute,  
22 acknowledge and deliver a deed without covenants to the purchaser,  
23 which deed shall vest in the purchaser all of the right, title and interest  
24 of the municipality in the real estate therein described. The deed need  
25 not contain any recitals, except a statement of the actual consideration.  
26 Such sales shall not include real estate, title to which has been  
27 perfected by the municipality. Any and all further or additional  
28 assignments of the tax sale certificates shall be promptly recorded in  
29 the office of the county clerk or register of deeds, as the case may be,  
30 of the county wherein the real property is situate, and a photocopy of  
31 the recorded assignment shall be served upon the local tax collector by  
32 certified mail, return receipt requested. When assignments have not  
33 been recorded and served upon the tax collector, the tax collector and  
34 the municipality shall be held harmless for the payment of any  
35 redemption amounts to the holder of the tax sale certificate as appears  
36 on the records of the tax collector.

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

38  
39 19. R.S.54:5-113 is amended to read as follows:

40 54:5-113. When a municipality has or shall have acquired title to  
41 real estate by reason of its having been struck off and sold to the  
42 municipality at a sale for delinquent taxes and assessments, the  
43 governing body thereof may by resolution authorize a private sale of  
44 the certificate of tax sale therefor, together with subsequent liens  
45 thereon, for not less than the amount of liens charged against such real  
46 estate, except as provided in section 2 of P.L.1993, c.113

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

19

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

22 4. Notwithstanding the provisions of any other law, rule or  
23 regulation to the contrary, a municipality may assign, pledge or  
24 transfer to the New Jersey Economic Development Authority tax sale  
25 certificates held by the municipality for property located within its  
26 boundaries, together with subsequent liens thereon, as collateral for  
27 any bonds or notes issued by the authority by or on behalf of the  
28 municipality on the same terms and conditions as set forth in section  
29 2 of P.L.1993, c.113 (C.54:5-113.1) for any purposes permitted by  
30 law. For the purposes of this section "municipality" shall include  
31 municipalities acting jointly pursuant to section 2 of P.L.1993, c.113  
32 (C.54:5-113.1). Any and all further or additional assignments of the  
33 tax sale certificates shall be promptly recorded in the office of the  
34 county clerk or register of deeds, as the case may be, of the county  
35 wherein the real property is situate, and a photocopy of the recorded  
36 assignment shall be served upon the local tax collector by certified  
37 mail, return receipt requested. When assignments have not been  
38 recorded and served upon the tax collector, the tax collector and the  
39 municipality shall be held harmless for the payment of any redemption  
40 amounts to the holder of the tax sale certificate as appears on the  
41 records of the tax collector.

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

43

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

46 1. In addition to any method now provided by law the governing

1 body of any municipality may sell any certificate of tax sale held by  
2 such municipality by one of the following methods, but such sale shall  
3 not affect or impair any municipal lien subsequent to the certificate of  
4 tax sale:

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

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

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

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

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

29

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

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

35 (a) At public sale to the highest bidder. Such sale shall be held after  
36 public notice of the time and place stating the description of the  
37 several lots and parcels of land covered by the certificate of sale, and  
38 the name of the owner of the land as contained in the collector's list,  
39 together with the total amount required for redemption including  
40 interest and costs to the date of sale and the amount of subsequent  
41 liens with interest, and stating in substance that the respective  
42 certificates of sale, including subsequent municipal liens will be sold  
43 to the highest bidder at said public sale subject to confirmation by the  
44 governing body at its next regular meeting after the sale. Copies of  
45 the notice shall be set up in five of the most public places in the  
46 municipality, and a copy of the notice shall be published in a

1 newspaper circulating in the municipality once in each of two calendar  
2 weeks preceding the calendar week containing the day appointed for  
3 the sale. When the owner's name appears on the list and his  
4 post-office address is known, the collector shall mail to him at that  
5 address, postage prepaid, a copy of the notice, but failure to mail the  
6 notice shall not invalidate any proceedings hereunder. Such public sale  
7 may be adjourned once for a period not exceeding one month without  
8 readvertising; or

9 (b) The governing body may from time to time determine by  
10 resolution the certificates of tax sale including all subsequent liens held  
11 by such municipality which such municipality deems advisable to sell  
12 for an amount lower than the total amount due, together with interest  
13 and costs on the certificate of sale. After such determination the  
14 municipality shall give public notice set up in five of the most public  
15 places in such municipality, stating the description of the several lots  
16 and parcels of land covered by such certificate of sale and subsequent  
17 municipal liens and the name of the owner of the land as contained in  
18 the collector's list, together with the total amount required for  
19 redemption including all subsequent municipal liens with interest and  
20 costs and stating in substance that the municipality will receive bids for  
21 any such certificate of tax sale and subsequent municipal liens, even  
22 though such bid be less than the total amount due on such certificate  
23 of tax sale including all subsequent liens plus interests and costs.  
24 Upon the receipt of any bid which the governing body may be inclined  
25 to accept, the governing body shall give public notice setting forth the  
26 amount of the bid for the certificate of tax sale including subsequent  
27 municipal liens together with interest and costs, the description of the  
28 several lots and parcels of land covered by such certificate of sale and  
29 subsequent municipal liens, the name of the owner of the land as  
30 contained in the collector's list and also the total amount which would  
31 otherwise be required for redemption to the date of proposed sale and  
32 stating in substance that the governing body will accept or reject such  
33 bid at a regular meeting of the governing body and setting forth the  
34 place, time and date of such regular meeting. A copy of this  
35 last-mentioned public notice shall be published in a newspaper  
36 circulating in the municipality at least once in the week preceding the  
37 date set for the regular meeting of the governing body at which  
38 meeting such bid will be passed on. When the owner's name appears  
39 in the list and his post-office address is known, the collector shall mail  
40 to him at that address, postage prepaid, a copy of this last-mentioned  
41 notice, but failure to mail the notice, shall not invalidate any  
42 proceeding hereunder. At the regular meeting of the governing body,  
43 as contained in said notice, the governing body may accept or reject  
44 any such bid as contained in such notice or may at such meeting  
45 accept or reject any higher bid which may then be made by any person  
46 for said certificate of sale, including subsequent municipal liens.

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

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

12

13       23. R.S.54:5-114.4 is amended to read as follows:

14       54:5-114.4 Any and all purchasers of the tax sale certificates and  
15 subsequent municipal liens purchased, as hereinabove described, must  
16 foreclose at their own expense, the right of redemption, and record the  
17 final judgment in the county wherein the land is situate within two  
18 years from the date of the confirmation of the sale by the governing  
19 body. Any and all further or additional assignments of the tax sale  
20 certificates shall be promptly recorded in the office of the county clerk  
21 or register of deeds, as the case may be, of the county wherein the real  
22 property is situate, and a photocopy of the recorded assignment shall  
23 be served upon the local tax collector by certified mail, return receipt  
24 requested. When assignments have not been recorded and served  
25 upon the tax collector, the tax collector and the municipality shall be  
26 held harmless for the payment of any redemption amounts to the  
27 holder of the tax sale certificate as appears on the records of the tax  
28 collector.

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

30

31       25. This act shall take effect immediately.

32

33

34

#### STATEMENT

35

36       This bill is intended to give municipalities a great deal of flexibility  
37 in conducting their tax sales and to expand the taxpayers right to  
38 notice of delinquent interest rates, clarify the calculation of amounts  
39 required to redeem a tax sale certificate, and clarify other ambiguous  
40 sections of law concerning municipal liens.

41       Specifically, sections 1 through 4 of this bill would amend various  
42 sections of the banking and property titles to clarify that municipal  
43 liens always have priority over mortgage and condominium liens.  
44 Section 5 of the bill would amend R.S.54:4-65 to require that notice  
45 be given to property taxpayers, on or with the tax bill, of the  
46 municipality's delinquent interest rate and the end of the year penalty

1 for nonpayment of taxes. Current law does not require that such  
2 notice be given. Sections 6 and 7 would amend R.S.54:4-66 and  
3 section 2 of P.L.1994, c.72 (C.54:4-66.1) respectively, to establish  
4 that the property owner always has priority to pay the taxes owed on  
5 a property up to and including the payment date for each quarter when  
6 third party tax liens exist against the property. These amendments are  
7 intended to clarify that a tax collector is required to accept payment  
8 from the property owner, if payment is tendered up to and including  
9 the payment date for each quarter, when both the property owner and  
10 the holder of a tax sale certificate attempt to pay quarterly taxes due.

11 Section 8 would amend R.S.54:4-67 to permit a municipality to  
12 establish either a single delinquency interest rate or a two-tier rate, as  
13 current law permits. This section would require that in any year when  
14 the governing body changes the delinquency interest rate or the end of  
15 the year penalty, notice would have to be provided either with the tax  
16 bill or through a separate mailing before the date taxes are next due.  
17 The changes would not be effective until the notice is filed with the  
18 Director of the Division of Local Government Services in the  
19 Department of Community Affairs. This filing provision is intended to  
20 permit the department to compile data on all municipal interest rates  
21 and penalties in order to provide information to the Governor,  
22 Legislature and other departments.

23 Section 9 of this bill would amend R.S.54:5-19 to permit tax lien  
24 sales to occur after the 11th day of the eleventh month of the fiscal  
25 year of the municipality. Currently, tax lien sales may not be held  
26 before April 1 of the fiscal year next following the fiscal year when the  
27 taxes became in arrears. This provision would permit municipalities  
28 to realize funds from a tax lien sale in the year in which the taxes are  
29 due, rather than having to wait until April 1 or October 1 of the  
30 following fiscal year. The effect of this provision would be to enable  
31 municipalities to improve their tax collection levels to a higher  
32 percentage, thereby reducing the reserve for uncollected taxes in the  
33 following year's budget to a much lower level, without losing any of  
34 their revenues from delinquent interest and other penalties. In many  
35 municipalities the reserve for uncollected taxes represents the largest  
36 budget item.

37 Section 10 of the bill would amend R.S.54:5-26 to provide that in  
38 lieu of any two of the required four publications of notice of a tax sale,  
39 the property owner may be provided notice by mail, the cost of which  
40 may be added to the cost of the sale, not to exceed \$25 for each  
41 notice.

42 Section 11 of the bill would amend R.S.54:5-47 to make it  
43 consistent with R.S.54:5-86 by removing language previously held  
44 unconstitutional by the United States and New Jersey Supreme Courts.  
45 By statute and court rule the right of redemption remains open until  
46 entry and recording of judgment of foreclosure.

1 Section 12 of the bill would amend section 1 of P.L.1990, c.90  
2 (C.54:5-52.1) to provide a mechanism for the issuance of duplicate tax  
3 title certificates in the case of the destruction or loss of a tax title  
4 certificate issued by the municipality. The municipality would not be  
5 permitted to charge a fee in excess of \$100 for a duplicate certificate.  
6 Under current law a tax collector is not permitted to pay out  
7 redemption moneys until the tax sale certificate is surrendered, so the  
8 holder of a lost or destroyed certificate has no remedy.

9 Section 13 of the bill would amend R.S.54:5-54 to clarify that liens  
10 for assessments for benefits are included as redeemable liens prior to  
11 judgment being entered cutting off such right. The section also  
12 clarifies that the right of redemption includes all lien holders, not just  
13 holders of prior liens.

14 Sections 14 and 15 of the bill would amend R.S.54:5-55 and  
15 R.S.54:5-57 respectively, to remove an obsolete reference to a  
16 repealed section of law. Section 15 further provides a mechanism for  
17 the escheat of unclaimed redemption moneys to the State when held  
18 by a municipality for five years after notice to the tax lien holder. The  
19 municipality would retain 75% of the sum and the State Treasurer  
20 would receive 25%. Current law does not provide for the disposition  
21 un unclaimed redemption moneys and consequently such sums are held  
22 in trust and redemption accounts by municipalities in perpetuity.

23 Section 16 of the bill would amend R.S.54:5-58 to specify the  
24 calculation of the amount required to redeem a tax sale certificate  
25 based upon when the redemption occurs. When a tax sale certificate  
26 is issued within the 10-day period following the date of the tax sale,  
27 including the date of sale as the first day, then the amount required to  
28 redeem shall included all sums paid, together with interest and lawful  
29 expenses, by the certificate holder. Section 17 of the bill would amend  
30 R.S.54:5-60 to clarify what is included in the amount required for  
31 redemption of a tax sale certificate that is not held by a municipality.

32 Sections 18 through 23 of the bill would amend R.S.54:5-112,  
33 R.S.54:5-113, section 4 of P.L.1993, c.325 (R.S.54:5-113.4), section  
34 1 of P.L.1941, c.232 (C.54:5-114.1), and section 1 of P.L.1943, c.149  
35 (C.54:5-114.2) to require that all assignments of tax sale certificates  
36 be recorded and notice of the assignment be given to the appropriate  
37 municipal tax collector. If an assignment has not recorded and notice  
38 has not been given to the tax collector, then the municipality will be  
39 held harmless for the payment of any redemption amounts to the  
40 holder of record of the tax sale certificate.

1

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2

3 Permits improvement of municipal cash flow by authorizing earlier tax  
4 sales and clarifying redemption law.