

[Second Reprint]
SENATE, No. 1456

STATE OF NEW JERSEY

INTRODUCED SEPTEMBER 19, 1996

By Senators CONNORS, Bubba, Assemblymen Connors and
Moran

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 ²[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 ¹not subject to any prior
18 lien, except for municipal liens,¹ notwithstanding the existence of a
19 prior mortgage or mortgages held by the bank, [or liens of taxes which
20 are not delinquent] ¹[except for municipal liens,]¹ a lien of a
21 condominium association for up to six months of customary
22 condominium assessments pursuant to section 21 of P.L.1969, c.257
23 (C.46:8B-21), building restrictions or other restrictive covenants or
24 conditions, leases or tenancies whereby rents or profits are reserved to
25 the owner, joint driveways, sewer rights, rights in walls, rights-of-way
26 or other easements, or encroachments, which the persons signing the
27 certificate provided for in section 67 report in their opinion do not
28 materially affect the security for the mortgage loan. Every mortgage
29 shall be certified to be such a first lien by an attorney-at-law of the

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SCO committee amendments adopted September 19, 1996.

² Senate amendments adopted in accordance with Governor's recommendations
May 22, 1997.

1 state in which the real property is located, or certified or guaranteed
2 to be such a first lien by a corporation authorized to guarantee titles
3 to land in such state;

4 (4) No such loan shall be made for a period longer than 40 years
5 from its date, and no such loan shall exceed 80% of the appraised
6 value of the mortgaged property; provided that there shall be included
7 in the appraised value of the mortgaged property, for the purpose of
8 this paragraph (4), the value of the improvements to be erected upon
9 the mortgaged property wholly or partly with the proceeds of such
10 loan; and

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

37 B. The commissioner may, from time to time, with the concurrence
38 of the banking advisory board, make, alter and rescind regulations: (1)
39 Authorizing banks to make mortgage loans, or specified types or
40 classes of mortgage loans, (a) which exceed 80% of the appraised
41 value of the mortgaged property; (b) which mature in more than 25
42 years from their date; (c) which require smaller annual payments on
43 account of the principal amounts thereof than those specified in
44 paragraph (5) of subsection A of this section; (d) which provide for
45 equal monthly payments, each applicable to principal and interest, in
46 amounts sufficient to pay current interest on and to repay the amount

1 of the loan in such number of years, more than 40 but not more than
2 45, as the regulations may specify; or (e) which substantially conform
3 to the terms and conditions of mortgage loans authorized to be made
4 by associations pursuant to the "Savings and Loan Act (1963),"
5 P.L.1963, c.144 (C.17:12B-1 et seq.);

6 (2) Defining "improved real property" for the purposes of
7 paragraph (2) of subsection A of this section;

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

12 (4) Increasing the percentage of the principal balances owing on
13 mortgage loans of the kind referred to in section 68 which shall not be
14 included in the total of all principal balances owing on mortgage loans
15 for the purposes of subsection A of section 69, or eliminating entirely
16 the principal balances owing on such mortgage loans from such total
17 of all principal balances.

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

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

41 (cf: P.L.1995, c.354, s.1)]²

42

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

45 181. A. 1. A savings bank may make or invest in mortgage loans
46 in the manner and subject to the limitations prescribed by this section.

1 For the purposes of this section, "mortgage loan" shall include every
2 indebtedness secured by mortgage on real property, or on a lease of
3 the fee of real property (in any case in which such lease is lawful
4 security for such mortgage loan), except as otherwise provided by
5 subsection Q. of this section, and a savings bank shall be deemed to
6 have made a mortgage loan when

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

9 (b) It acquires, by purchase or otherwise, a mortgage loan or any
10 share or part of or interest in a mortgage loan which is not subordinate
11 to any share or part thereof or interest therein held by any other
12 person.

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

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

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

44 C. In the event that the real property offered as security for a
45 mortgage loan is subject to one or more prior mortgage liens, the
46 maximum amount of a mortgage loan which may be made pursuant to

1 this section shall be reduced by the total amount of the mortgage loan
2 or loans outstanding which are secured by the prior mortgage lien or
3 liens, except that, if any prior mortgage lien or liens secure a line, or
4 lines, of credit, the maximum amount of mortgage loan which may be
5 made pursuant to this section shall be reduced by the total amount that
6 may be borrowed under the line, or lines, of credit.

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

19 E. (Deleted by amendment.)

20 F. (Deleted by amendment.)

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

1 reduction of such loan prior to its maturity date. Notwithstanding the
2 limitations prescribed by subsection D. and hereinabove in this section,
3 a savings bank may make a mortgage loan secured by a lot of land or
4 two or more lots of land, contiguous or not, upon each of which there
5 is a building or buildings, or upon each of which a building or
6 buildings are in the course of construction or are to be constructed.
7 The limitations of this section governing the term of the loan, rate of
8 amortization, and the percentage of the mortgage loan to the appraised
9 value of each type of building, including land, shall apply. No loans
10 shall be made under subsection D. or G. hereof to any one person or
11 on any one property if the loans shall exceed 15% of the surplus,
12 undivided profits, and reserves of the savings bank, or \$50,000.00,
13 whichever is greater.

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

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

35 J. When the real property offered as security for a mortgage loan
36 consists of unimproved land, and the proceeds of the mortgage loan
37 are not to be used to construct a building on the land, the amount of
38 the loan shall not exceed 50% of the appraised value of the real
39 property. When the real property offered as security for a mortgage
40 loan consists of unimproved land, and the proceeds of the loan are to
41 be used for improvements to the land, the amount of such loan shall
42 not exceed 75% of the appraised value of such real property. The
43 instrument evidencing a loan made pursuant to this subsection shall
44 require that such loan be paid in full in not more than 10 years and one
45 month from the date it is made. No loan made pursuant to this
46 subsection shall exceed \$10,000.00, or $\frac{3}{10}$ of 1% of the deposits of

1 the savings bank, whichever is greater; nor shall any loan be made at
2 any time when the total of all such loans exceeds, or if the making of
3 such loan would cause such total to exceed 2% of the deposits of the
4 savings bank.

5 K. No mortgage loan shall be made except upon a written
6 certification signed by at least two persons, each of whom shall be
7 either a manager of the bank or an appraiser appointed by its board of
8 managers. In the case of a mortgage loan secured by a mortgage upon
9 real property, such certification shall state the opinion of such persons
10 as to the value of the land and the improvements thereon or to be
11 erected thereon and the character of such improvements. In the case
12 of a mortgage loan secured by a mortgage upon a lease of the fee of
13 real property, such certification shall state the opinion of such person
14 as to the value of the leasehold interest to be subject to the mortgage,
15 including the leasehold interest in the improvements erected or to be
16 erected upon the leased property and the character of such
17 improvements. Such certification shall be filed with the records of the
18 bank, and shall be preserved until the savings bank has no interest, as
19 mortgagee or otherwise, in the real property.

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

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

27 (1) The leased property is located within this State or, if outside
28 this State, the leased property is located within 50 miles of the border
29 of this State;

30 (2) The leased property shall consist of improved real property,
31 including farmlands, or unimproved real property if the proceeds of
32 such loan shall be used for the purpose of erecting improvements
33 thereon;

34 (3) The mortgage securing such loan shall constitute a first lien on
35 a lease of the fee of real property, which fee is not subject to any prior
36 lien; the fee shall be deemed not subject to any prior lien
37 [notwithstanding the existence of liens of taxes which are not
38 delinquent] , except for municipal liens, ¹notwithstanding¹ a lien of a
39 condominium association for up to six months of customary
40 condominium assessments pursuant to section 21 of P.L.1969, c.257
41 (C.46:8B-21), building restrictions or other restrictive covenants or
42 conditions, joint driveways, sewer rights, rights in walls, rights-of-way
43 or other easements, or encroachments, which the persons signing the
44 certificate provided for in subsection K. of this section report in their
45 opinion do not materially affect the security for the mortgage loan.
46 Every mortgage shall be certified to be such a first lien by an

1 attorney-at-law of the state in which the real property is located, or
2 certified or guaranteed to be such a first lien by a corporation
3 authorized to guarantee titles to land in such state;

4 (4) Such loan shall not exceed 66 2/3% of the appraised value of
5 the leasehold interest subject to the mortgage, including the leasehold
6 interest in the improvements erected upon the mortgaged property, or
7 to be erected thereon wholly or partly with the proceeds of the
8 mortgage loan; and

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

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

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

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

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

33 (2) Make a loan in addition to an existing mortgage loan or loans
34 held by it, upon the security of the same real property and secured by
35 the existing mortgage or mortgages, in an amount not to exceed the
36 difference between the balance due on the existing mortgage or
37 mortgages and the original amount thereof; provided, however, that
38 no such additional loan shall be made which shall increase the total
39 amount due upon such mortgages over the amount which could be
40 loaned upon the security of such real property. Such additional loan
41 shall be repaid in equal monthly installments, beginning within one year
42 from the date of such loan, with the payments adjusted so that the
43 additional loan shall be repaid in full either before or at the maturity of
44 the existing mortgage. If the unexpired term of such mortgage or
45 mortgages shall have been reduced to 15 years or less, such term may
46 be extended for an additional period of not more than 15 years.

1 Adjustment of payments and extension of mortgage terms pursuant to
2 this section shall comply with the provisions of subsection G. or H. of
3 this section. If so provided in the original mortgage or a supplement
4 or amendment thereto, persons who acquire any rights in or liens upon
5 the mortgaged real property subsequent to the recording of the
6 original mortgage or such supplement or amendment, as the case may
7 be, shall hold such rights and liens subject to the prior lien of the
8 original mortgage and such supplement or amendment, if any, as
9 security for such additional loan; and in such case, no title certificate
10 or insurance under subsection C. of this section shall be required with
11 respect to such additional loan.

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

19 Q. A savings bank may invest in

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

28 (b) Veterans' loans, wherever located, made and insured or
29 guaranteed in part as provided in paragraph (1)(a) of this subsection
30 of this section, and, as to the balance thereof, insured or guaranteed
31 by an insurer or guarantor named or described in paragraph (2) of this
32 subsection of this section.

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

42 (2) (a) Mortgages or deeds of trust or other securities of the
43 character of mortgages which are first liens on the fee of real property
44 or a lease of the fee of real property, wherever located, which (i) the
45 United States, or (ii) the Federal Housing Commissioner under the Act
46 of Congress of June 27, 1934, known as the "National Housing Act,"

1 48 Stat. 1246 (12 U.S.C. 1701 et seq.) as amended, supplemented,
2 revised or recodified from time to time, or other officer or agency
3 which succeeds to his powers and functions, or (iii) the State of New
4 Jersey or an officer or agency thereof, or (iv) any other officer or
5 agency of the United States or of this State which the commissioner
6 shall have approved for the purposes of this section as an insurer or
7 guarantor, has fully insured or guaranteed or made a commitment to
8 fully insure or guarantee.

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

18 R. The commissioner may, from time to time, make, alter and
19 rescind regulations:

20 (1) Authorizing savings banks to make mortgage loans or specified
21 types or classes of mortgage loans (a) which exceed the specified
22 percentages of the appraised value of the mortgaged property; (b)
23 which mature later than the specified periods from their date; (c)
24 which require smaller annual payments on account of the principal
25 amounts thereof than those specified in this section; (d) which provide
26 for equal monthly payments each applicable to principal and interest
27 in amounts sufficient to pay current interest on and to repay the
28 amount of the loan in such number of years more than 40, but not
29 more than 45, as the regulation may specify; or (e) which substantially
30 conform to the terms and conditions of mortgage loans authorized to
31 be made by associations pursuant to the "Savings and Loan Act
32 (1963)," P.L.1963, c.144 (C.17:12B-1 et seq.);

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

35 (3) Increasing the percentage of principal balances owing on
36 mortgage loans referred to in subsection Q. which shall not be
37 included in the total of all principal balances owing on mortgage loans
38 for the purpose of subsection B.; or

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

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

1 section or as established by regulation of the Commissioner of
2 Banking.

3 (cf: P.L.1995, c.354, s.2)]²

4

5 ²[3.] 1² Section 11 of P.L.1963, c.144 (C.17:12B-11) is amended
6 to read as follows:

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

9 (a) A mortgage upon real property shall be deemed a first lien
10 ²[1 not subject to any prior lien, except for municipal liens.]¹ ²

11 notwithstanding the existence of ²(i)² a prior mortgage or mortgages
12 held by the association, [or liens of taxes or assessments which are not
13 delinquent] ¹[except for municipal liens.]¹ ¹(ii) a municipal lien or
14 liens. (iii)² a lien of a condominium association for up to six months
15 of customary condominium assessments pursuant to section 21 of
16 P.L.1969, c.257 (C.46:8B-21), ²or (iv)² building restrictions or other
17 restrictive covenants or conditions, leases or tenancies whereby rents
18 or profits are reserved to the owner, joint driveways, sewer rights,
19 rights in walls, rights-of-way or other easements, or encroachments
20 which do not materially affect the security for the mortgage loan.

21 (b) A mortgage upon a lease of the fee of real property shall be
22 deemed a first lien [notwithstanding the existence of liens of taxes or
23 assessments which are not delinquent] ¹not subject to any prior lien¹.
24 except for municipal liens. ¹notwithstanding the existence of¹ building
25 restrictions or other restrictive covenants or conditions, joint
26 driveways, sewer rights, rights in walls, rights-of-way or other
27 easements, or encroachments which do not materially affect the
28 security for the mortgage loan. ²Nothing herein shall alter or affect
29 the status or priority of municipal liens under R.S.54:5-1 et seq.²

30 (c) A mortgage upon an apartment which is part of a horizontal
31 property regime, established under the "Horizontal Property Act,"
32 P.L.1963, c.168 (C.46:8A-1 et seq.) or upon a unit which is part of a
33 condominium established pursuant to the "Condominium Act,"
34 P.L.1969, c.257 (C.46:8B-1 et seq.) shall be deemed a first lien ²[1 not
35 subject to any prior lien, except for municipal liens.]¹² notwithstanding
36 the existence of other proportionate undivided interests in the "general
37 common elements" or "common elements" of such horizontal property
38 regime or condominium, as the case may be, as the same are defined
39 in the "Horizontal Property Act," and the "Condominium Act,"
40 respectively, and notwithstanding the indivisibility of such common
41 elements or the existence of a prior mortgage or mortgages held by the
42 association upon such apartment or unit or the existence of a prior
43 mortgage or mortgages on other apartments or units within the
44 particular horizontal property regime or condominium, as the case may
45 be, regardless of whether such prior mortgages are held by the
46 association or any other mortgagee [and notwithstanding liens of taxes

1 or assessments which are not delinquent] ¹[. except for municipal
2 liens]¹, ¹and notwithstanding the existence of ¹ ²a municipal lien or
3 liens² building restrictions or other restrictive covenants or conditions,
4 leases or tenancies whereby rents or profits are reserved to the owner,
5 or other easements or encroachments which do not materially affect
6 the security for the mortgage loan. ²Nothing herein shall alter or
7 affect the status or priority of municipal liens under R.S.54:5-1 et seq.²

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

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

13
14 ²[4.] 2.² Section 21 of P.L.1969,c.257 (C.46:8B-21) is amended to
15 read as follows:

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

36 b. A lien recorded pursuant to subsection a. of this section shall
37 have a limited priority over prior recorded mortgages and other liens,
38 [other than liens for unpaid property taxes] , except for municipal liens
39 ¹[.]¹ or ¹liens for¹ federal taxes, to the extent provided in this
40 subsection. This priority shall be limited as follows:

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

45 (2) With respect to a particular mortgage, to a lien recorded prior
46 to: (a) the receipt by the association of a summons and complaint in

1 an action to foreclose a mortgage on that unit; or (b) the filing with
2 the proper county recording office of a lis pendens giving notice of an
3 action to foreclose a mortgage on that unit.

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

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

14 (5) A lien of an association shall not be granted priority over a
15 prior recorded mortgage or mortgages under this subsection if a prior
16 recorded lien of the association for unpaid assessments has obtained
17 priority over the same recorded mortgage or mortgages as provided
18 in this subsection, for a period of 60 months from the date of
19 recording of the lien granted priority.

20 (6) When recording a lien which may be granted priority pursuant
21 to this act, an association shall notify, in writing, any holder of a first
22 mortgage lien on the property of the filing of the association lien. An
23 association which exercises a good faith effort but is unable to
24 ascertain the identity of a holder of a prior recorded mortgage on the
25 property will be deemed to be in substantial compliance with this
26 paragraph.

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

39 c. Upon any voluntary conveyance of a unit, the grantor and
40 grantee of such unit shall be jointly and severally liable for all unpaid
41 assessments pertaining to such unit duly made by the association or
42 accrued up to the date of such conveyance without prejudice to the
43 right of the grantee to recover from the grantor any amounts paid by
44 the grantee, but the grantee shall be exclusively liable for those
45 accruing while he is the unit owner.

46 d. Any unit owner or any purchaser of a unit prior to completion

1 of a voluntary sale may require from the association a certificate
2 showing the amount of unpaid assessments pertaining to such unit and
3 the association shall provide such certificate within 10 days after
4 request therefor. The holder of a mortgage or other lien on any unit
5 may request a similar certificate with respect to such unit. Any person
6 other than the unit owner at the time of issuance of any such certificate
7 who relies upon such certificate shall be entitled to rely thereon and his
8 liability shall be limited to the amounts set forth in such certificate.

9 e. If a mortgagee of a first mortgage of record or other purchaser
10 of a unit obtains title to such unit as a result of foreclosure of the first
11 mortgage, such acquirer of title, his successors and assigns shall not
12 be liable for the share of common expenses or other assessments by
13 the association pertaining to such unit or chargeable to the former unit
14 owner which became due prior to acquisition of title as a result of the
15 foreclosure. Any remaining unpaid share of common expenses and
16 other assessments, except assessments derived from late fees or fines,
17 shall be deemed to be common expenses collectible from all of the
18 remaining unit owners including such acquirer, his successors and
19 assigns.

20 f. Liens for unpaid assessments may be foreclosed by suit brought
21 in the name of the association in the same manner as a foreclosure of
22 a mortgage on real property. The association shall have the power,
23 unless prohibited by the master deed or bylaws to bid on the unit at
24 foreclosure sale, and to acquire, hold, lease, mortgage and convey the
25 same. Suit to recover a money judgment for unpaid assessments may
26 be maintained without waiving the lien securing the same. ²Nothing
27 herein shall alter the status or priority of municipal liens under
28 R.S.54:5-1 et seq.²

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

30

31 ²[5.] 3.² R.S.54:4-65 is amended to read as follows:

32 54:4-65. a. The Director of the Division of Local Government
33 Services in the Department of Community Affairs shall approve the
34 form and content of property tax bills.

35 b. Each tax bill shall have printed thereon a brief tabulation
36 showing the distribution of the amount raised by taxation in the taxing
37 district, in such form as to disclose the rate per \$100.00 of assessed
38 valuation or the number of cents in each dollar paid by the taxpayer
39 which is to be used for the payment of State school taxes, other State
40 taxes, county taxes, local school expenditures and other local
41 expenditures. The last named item may be further subdivided so as to
42 show the amount for each of the several departments of the municipal
43 government. In lieu of printing such information on the tax bill, any
44 municipality may furnish the tabulation required hereunder and any
45 other pertinent information in a statement accompanying the mailing
46 or delivery of the tax bill. There shall be included on or with the tax

1 bill the delinquent interest rate or rates to be charged and any end of
2 year penalty that is authorized.

3 c. The appropriate tax bill or form mailed with the tax bill shall also
4 contain a statement reporting amounts of State aid and assistance
5 received by the municipality, school districts, special districts and
6 county governments used to offset local tax levies. The director shall
7 provide each tax collector with a certification of the amounts of said
8 State aid and assistance for inclusion in the tax bill.

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

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

12

13 ²[6.] 4.² R.S.54:4-66 is amended to read as follows:

14 54:4-66. a. Taxes for municipalities operating under the calendar
15 fiscal year shall be payable the first installment as hereinafter provided
16 on February 1, the second installment on May 1, the third installment
17 on August 1 and the fourth installment on November 1, after which
18 dates if unpaid, they shall become delinquent and remain delinquent
19 until such time as all unpaid taxes, including taxes and other liens
20 subsequently due and unpaid, together with interest have been fully
21 paid and satisfied;

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

25 c. The dates hereinbefore provided for payment of the first and
26 second installments of taxes being before the true amount of the tax
27 will have been determined, the amount to be payable as each of the
28 first two installments shall be one-quarter of the total tax finally levied
29 against the same property or taxpayer for the preceding year or, if
30 directed to do so for the tax year by resolution of the municipal
31 governing body, one-half of the tax levied for the second half of the
32 preceding tax year, as appropriate; and the amount to be payable for
33 the third and fourth installments shall be the full tax as levied for the
34 current year, less the amount charged as the first and second
35 installments; the amount thus found to be payable as the last two
36 installments shall be divided equally for and as each installment. An
37 appropriate adjustment by way of discount shall be made, if it shall
38 appear that the total of the first and second installments exceeded
39 one-half of the total tax as levied for the year;

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

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

1 property.

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

3

4 ²[7.] 5.² Section 2 of P.L.1994, c.72 (C.54:4-66.1) is amended to
5 read as follows:

6 2. Taxes in municipalities operating under the State fiscal year shall
7 be payable and shall be delinquent pursuant to the following
8 provisions:

9 a. Taxes shall be payable the first installment as hereinafter
10 provided on February 1, the second installment on May 1, the third
11 installment on August 1 and the fourth installment on November 1,
12 after which dates if unpaid, they shall become delinquent and remain
13 delinquent until such time as all unpaid taxes, including taxes and other
14 liens subsequently due and unpaid, together with interest have been
15 fully paid and satisfied;

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

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

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

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

26 "Calendar year" means the current calendar year.

27 "Certification of tax billing levies" is the form and associated
28 procedures promulgated by the director on which the tax collector
29 calculates the appropriate billing amounts for the first and second
30 installments of the calendar year.

31 "Director" means the director of the Division of Local Government
32 Services.

33 "Municipal tax levy" means the tax levy set in the municipal budget
34 for the current fiscal year.

35 "Non-municipal tax levy" means the total of all of the tax levies
36 certified by the county board of taxation for non-municipal purposes
37 for the calendar year.

38 "Preliminary municipal tax levy" is the amount certified by the
39 governing body for the purposes of third and fourth installment
40 municipal tax levy.

41 "Prior year" means the calendar year just previous to the quarters
42 being billed.

43 "Six month required non-municipal tax levy" means the amount
44 necessary to be paid by the municipality to the county and
45 non-municipal taxing districts for the first six months of the calendar
46 year.

1 "Total adjusted prior year taxes" means the prior year taxes billed
2 after adjustments are made to incorporate changes to tax bills between
3 tax billings.

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

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

9 (1) the municipal rate shall be the preliminary municipal tax levy
10 divided by the total assessed value per one hundred dollars of assessed
11 valuation.

12 (2) the non-municipal rate shall be the non-municipal tax levy
13 divided by the total assessed value per one hundred dollars of assessed
14 value.

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

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

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

22 (1) The tax collector shall prepare the certification of tax billing
23 levies and calculate the first and second installments by computing the
24 municipal portion, which shall be the municipal billing percentage
25 multiplied by the total adjusted prior year taxes; and then the
26 non-municipal portion, which shall be the non-municipal billing
27 percentage multiplied by the total adjusted prior year taxes. The sum
28 of the two shall be divided in half for each installment. A copy of the
29 certification shall be filed with the director and the county board of
30 taxation.

31 (2) The third and fourth installments shall be calculated by
32 computing the municipal portion, which shall be the product of the
33 municipal rate times the total assessed value per one hundred dollars
34 of assessed value, and subtracting the taxes billed for the previous first
35 and second installments; and then the non-municipal portion which
36 shall be the product of the non-municipal rate times the total assessed
37 value per one hundred dollars of assessed value, and subtracting the
38 taxes billed for the previous first and second installments. The sum of
39 the two shall be divided in half for each installment.

40 f. Taxes may be received and credited as payments at any time,
41 even prior to the dates hereinabove fixed for payment, from the
42 property owners, their agents or lien holders; however, no interest
43 shall accrue until the delinquency date. Up to and including the
44 payment date for each quarter, priority of payment shall be given to
45 the property owner when third party tax liens exist against the
46 property.

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

2

3 ²[8. R.S.54:4-67 is amended to read as follows:

4 54:4-67. a. The governing body of each municipality may by
5 resolution fix the rate of discount to be allowed for the payment of
6 taxes or assessments previous to the date on which they would become
7 delinquent. The rate so fixed shall not exceed 6% per annum, shall be
8 allowed only in case of payment on or before the thirtieth day previous
9 to the date on which the taxes or assessments would become
10 delinquent. The governing body may also fix the rate of interest to be
11 charged for the nonpayment of taxes [or], assessments, or other
12 municipal liens or charges, unless otherwise provided by law, on or
13 before the date when they would become delinquent, and may provide
14 that no interest shall be charged if payment of any installment is made
15 within the tenth calendar day following the date upon which the same
16 became payable. The rate so fixed shall not exceed 8% per annum on
17 the first \$1,500.00 of the delinquency and 18% per annum on any
18 amount in excess of \$1,500.00, to be calculated from the date the tax
19 was payable until the date that actual payment to the [lienholder will
20 be next authorized] tax collector is made. Additionally, the governing
21 body may establish, by resolution, a single delinquency rate not to
22 exceed 18% per annum.

23 b. In any year when the governing body changes the rate of interest
24 to be charged for delinquent taxes, assessments or other municipal
25 charges, or to be charged for the end of the year penalty, the
26 governing body, after adoption of a resolution changing the rate of
27 interest, shall provide a notice to all taxpayers, prior to the date taxes
28 are next due or with the tax bill, stating the new rate or rates to be
29 charged and the date that the new rate or rates take effect. The notice
30 may be separate from the tax bill. A copy of the notice shall be filed
31 with the Director of the Division of Local Government Services in the
32 Department of Community Affairs. No change in the rate of interest
33 or the end of year penalty shall take effect until the required notice has
34 been provided and filed in accordance with this subsection.

35 "Delinquency" means the sum of all taxes and municipal charges
36 due on a given parcel of property covering any number of quarters or
37 years. The property shall remain delinquent, as defined herein, until
38 such time as all unpaid taxes, including subsequent taxes and liens,
39 together with interest thereon shall have been fully paid and satisfied.
40 The delinquency shall remain notwithstanding the issuance of a
41 certificate of sale pursuant to R.S.54:5-32 and R.S.54:5-46, and for
42 the purposes of satisfying the requirements for filing any tax appeal
43 with the county board of taxation or the State tax court. The
44 governing body may also fix a penalty to be charged to a taxpayer with
45 a delinquency in excess of \$10,000 who fails to pay that delinquency
46 as billed, prior to the end of the fiscal year. If [such taxes are fully]

1 any fiscal year delinquency in excess of \$10,000 is paid [and satisfied]
2 by the holder of an outstanding tax sale certificate, the holder shall be
3 entitled to receive the amount of the penalty as part of the amount
4 required to redeem such certificate of sale providing the payment is
5 made by the tax lien holder prior to the end of the fiscal year. If the
6 holder of the outstanding tax sale certificate does not make the
7 payment in full prior to the end of the fiscal year, then the holder shall
8 be entitled to a pro rata share of the delinquency penalty upon
9 redemption, and the balance of the penalty shall inure to the benefit of
10 the municipality. The penalty so fixed shall not exceed 6% of the
11 amount of the delinquency with respect to each most recent fiscal year
12 only.

13 (cf: P.L.1994, c.32, s.4)]²

14

15 ²[9.] 6.² R.S.54:5-19 is amended to read as follows:

16 54:5-19. When unpaid taxes or any municipal lien, or part thereof,
17 on real property, remains in arrears on [April first] the 11th day of the
18 11th month in the fiscal year [following the fiscal year] when the same
19 became in arrears, [or, in the case of municipalities that operate on the
20 State fiscal year, on October first in the fiscal year following the fiscal
21 year when the same became in arrears,] the collector or other officer
22 charged by law in the municipality with that duty, shall, subject to the
23 provisions of the next paragraph, enforce the lien by selling the
24 property in the manner set forth in this article ², provided that the sale
25 is conducted no earlier than in the last month of the fiscal year².

26 The term "collector" as hereinafter used includes any such officer,
27 and the term "officer" includes the collector.

28 The municipality may by resolution direct that [where] when unpaid
29 taxes or other municipal liens or charges, or part thereof, are in arrears
30 [for more than one year] as of the 11th day of the 11th month of the
31 fiscal year, such sale shall include only such unpaid taxes or other
32 municipal liens or charges as were in arrears in the fiscal year
33 designated in such resolution, and may by resolution, either general or
34 special, direct that there shall be omitted from such sale any or all such
35 unpaid taxes, and other municipal liens, or parts thereof, on real
36 property, upon which regular, equal monthly installment payments are
37 being made, in pursuance to such agreement as may be authorized by
38 said resolution between the collector and the owner or person
39 interested in the property upon which such delinquent taxes may be
40 due; provided, that said agreement shall require payment of such
41 installment payments in amounts large enough to pay in full all
42 delinquent taxes, assessments and other municipal liens held by the
43 municipality, in not more than five years from the date of such
44 agreement; provided, that the extension of time for payment of such
45 arrearages herein authorized shall not apply to any parcel of property
46 which prior thereto has been included in any plan theretofore adopted

1 by any municipality of this State under and pursuant to the provisions
 2 of any public statute of this State whereunder prior extensions for the
 3 payment of delinquent taxes were authorized; provided further, that
 4 the right of any person interested in such property to pay such arrears
 5 in such installments shall be conditioned on the prompt payment of the
 6 installments of taxes for the current year in which such agreement is
 7 made, and all subsequent taxes, assessments and other municipal liens
 8 imposed or becoming a lien thereafter, including all installments
 9 thereafter payable on assessments theretofore levied, and also the
 10 prompt payment of all installments of arrears as hereinbefore
 11 authorized; and provided further, that in case any such installment of
 12 arrears or any new taxes, assessments or other liens are not promptly
 13 paid, that is to say, within thirty days after the date when the same is
 14 due and payable, then such agreement shall be void, and in any such
 15 case the collector, or other officer charged by law with that duty, shall
 16 proceed to enforce such lien by selling in the manner in this article
 17 provided.

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

19

20 ²[10.] 7.² R.S.54:5-26 is amended to read as follows:

21 54:5-26. Copies of the notice of a tax sale shall be set up in five of
 22 the most public places in the municipality, and a copy of the notice
 23 shall be published in a newspaper circulating in the municipality, once
 24 in each of the four calendar weeks preceding the calendar week
 25 containing the day appointed for the sale. In lieu of any two
 26 publications, notice to the property owner may be given by mail, the
 27 costs of which shall be added to the cost of the sale in addition to
 28 those provided in R.S.54:5-38 not to exceed \$25 for each notice. If
 29 ordinances of the municipality are required to be published in any
 30 special newspaper or newspapers, the notice shall be published therein.

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

32

33 ²[11.] 8.² R.S.54:5-47 is amended to read as follows:

34 54:5-47. The certificate shall be substantially in the following form:

35 "I,, collector of taxes of
 36 (name of municipality), hereby certify
 37 that on, 19....., I sold to
 38 for dollars, the
 39 lands in the municipality described as on
 40 the tax duplicate of the municipality, and assessed thereon to
 41 as owner (followed by amplified description if
 42 desired). The amount of sale was made up of the following items
 43 (followed by the items, including interest and costs). The sale is
 44 subject to redemption on repayment of the amount of the sale,
 45 together with interest thereon at the rate of per cent per
 46 annum from the date of sale, and the costs incurred by the purchaser.

1 The sale is subject only to municipal liens accruing after
 2 (insert date of last item of taxes or assessment
 3 for which sale is made). [The right to redeem will expire in six months
 4 after the service of notice to redeem, except that the right to redeem
 5 shall extend for six months from the date of sale when the municipality
 6 is the purchaser and extend for two years from the date of sale for all
 7 other purchasers.]

8 "Witness my hand and seal this day of
 9 , 19 (Followed by acknowledgment)."

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

11

12 ²[12.] 9.² Section 1 of P.L.1940, c.90 (C.54:5-52.1) is amended to
 13 read as follows:

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

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

31

32 ²[13.] 10.² R.S.54:5-54 is amended to read as follows:

33 54:5-54. Except as hereinafter provided, the owner, his heirs,
 34 holder of [a prior] any ¹prior¹ outstanding tax lien certificate,
 35 mortgagee, or occupant of land sold for municipal taxes, assessment
 36 for benefits pursuant to R.S.54:5-7 or other municipal charges, may
 37 redeem it at any time until the right to redeem has been cut off in the
 38 manner in this chapter set forth, by paying to the collector, or to the
 39 collector of delinquent taxes on lands of the municipality where the
 40 land is situate, for the use of the purchaser, his heirs or assigns, the
 41 amount required for redemption as hereinafter set forth.

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

43

44 ²[14.] 11.² R.S.54:5-55 is amended to read as follows:

45 54:5-55. The collecting officer on receiving payment in full shall[,
 46 except as provided in section 54:5-56 of this title,] execute and deliver

1 to the person redeeming a certificate of redemption which may be
2 recorded with the register of deeds, or if there is no register, with the
3 county clerk. The county clerk or register, as the case may be, shall,
4 on request, note on the record of the original certificate of sale a
5 reference to the record of the certificate of redemption, and shall be
6 entitled therefor to the same fees as provided respectively for the
7 cancellation of mortgages and for the record of discharges thereof, or,
8 at the option of the person redeeming, the collecting officer shall
9 procure and deliver to the owner the certificate of sale receipted for
10 cancellation by indorsement in the same manner required by law to
11 satisfy or cancel a mortgage, whereupon the record of the certificate
12 of sale shall be canceled by the county clerk or register, as the case
13 may be, in the same manner and for the same fees as in the case of
14 mortgages.

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

16

17 ²[15.] 12.² R.S.54:5-57 is amended to read as follows:

18 54:5-57. ²[a.]² The collecting officer shall at once, on receipt of
19 the redemption money, mail notice thereof to the purchaser, if his
20 address can be ascertained, and shall pay all redemption moneys to him
21 or his assigns on his surrender of the certificate of sale and compliance
22 with the provisions of [sections] section 54:5-55 [and 54:5-56] of this
23 title.

24 ²[b. ¹[When] Notwithstanding any provision of the "Uniform
25 Unclaimed Property Act (1981)," R.S.46:30B-1 et seq., when¹ the
26 holder of a tax sale certificate for which a redemption amount has been
27 paid to the collecting officer has not ¹[been]¹ claimed ¹that redemption
28 amount¹ within a five-year period from the date of notice to the holder
29 sent by certified mail, return receipt requested, all sums due to the
30 holder shall escheat to the State and 75% of that sum shall be retained
31 by the municipality holding the funds and the remaining 25% shall be
32 forwarded to the Treasurer of the State of New Jersey pursuant to
33 rules and regulations promulgated by the Division of Local
34 Government Services in the Department of Community Affairs in
35 consultation with the State Treasurer. Notice shall be deemed to have
36 been given for the purposes of commencing the five-year period if the
37 whereabouts of the holder are unknown, as verified by the return of a
38 certified letter addressed to him at his last known address.]²

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

40

41 ²[16.] 13.² R.S.54:5-58 is amended to read as follows:

42 54:5-58. The amount required to redeem within 10 days from and
43 including the date of sale, unless a tax sale certificate has been duly
44 issued, shall be the sum paid at the sale, with interest from the date of
45 sale at the rate of redemption for which the property was sold. After
46 10 days from the date of sale, including the date of sale as the first

1 day, or after issuance of the tax sale certificate, the amount required
2 for redemption shall be that amount plus the expenses incurred by the
3 purchaser as hereinafter provided, and subsequent municipal liens, as
4 provided in sections 54:5-59 and 54:5-60 of this Title. Where,
5 because of municipal fiscal restrictions imposed upon the tax collector,
6 the transmission of the redemption sum to the purchaser is dependent
7 upon the approval of the governing body, or other officer, of the
8 municipality, such interest shall be computed to the time when such
9 governing body or officer may next act with respect thereto.

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

11

12 ²[17.] 14.² R.S.54:5-60 is amended to read as follows:

13 54:5-60. If the certificate of sale is not held by the municipality, the
14 amount required for redemption shall include all sums for subsequent
15 taxes, municipal liens and charges, and interest and costs thereon,
16 actually paid by the holder of the tax title or his predecessor therein,
17 together with interest on the amount so paid at the rate or rates
18 chargeable by the municipality, provided the holder of such title shall
19 have made and filed with the collecting officer an affidavit showing the
20 amount of such payment, which affidavit may be taken before such
21 officer.

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

23

24 ²[18.] 15.² R.S.54:5-112 is amended to read as follows:

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

1 been recorded and served upon the tax collector, the tax collector and
2 the municipality shall be held harmless for the payment of any
3 redemption amounts to the holder of the tax sale certificate as appears
4 on the records of the tax collector.

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

6
7 ²[19.] 16.² R.S.54:5-113 is amended to read as follows:

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

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

33
34 ²[20.] 17.² Section 4 of P.L.1993, c.325 (C.54:5-113.4) is
35 amended to read as follows:

36 4. Notwithstanding the provisions of any other law, rule or
37 regulation to the contrary, a municipality may assign, pledge or
38 transfer to the New Jersey Economic Development Authority tax sale
39 certificates held by the municipality for property located within its
40 boundaries, together with subsequent liens thereon, as collateral for
41 any bonds or notes issued by the authority by or on behalf of the
42 municipality on the same terms and conditions as set forth in section
43 2 of P.L.1993, c.113 (C.54:5-113.1) for any purposes permitted by
44 law. For the purposes of this section "municipality" shall include
45 municipalities acting jointly pursuant to section 2 of P.L.1993, c.113
46 (C.54:5-113.1). Any and all further or additional assignments of the

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

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

11

12 ²[21.] 18. ² Section 1 of P.L.1941, c.232 (C.54:5-114.1) is
13 amended to read as follows:

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

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

39 (b) The governing body may from time to time determine by
40 resolution the certificates of tax sale held by such municipality which
41 such municipality will agree to sell for an amount lower than the
42 amount due on each such certificate of tax sale. After such
43 determination the municipality shall give public notice set up in five
44 of the most public places in such municipality, stating the description
45 of the several lots and parcels of land covered by such certificate of
46 sale and the name of the owner of the land as contained in the

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

32 Any and all assignments of a tax sale certificate purchased pursuant
33 to this section shall be promptly recorded in the office of the county
34 clerk or register of deeds, as the case may be, of the county wherein
35 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.1941, c.232, s.1)

43

44 ²[22.] 19.² Section 1 of P.L.1943, c.149 (C.54:5-114.2) is
45 amended to read as follows:

46 ¹1.¹ The governing body of any municipality may sell any certificate

1 of tax sale including all subsequent municipal liens held by such
2 municipality by one of the following methods:

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

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

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

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

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

26

27 ²[23.] ²20. ¹[R.S.54:5-114.4] Section 3 of P.L.1943, s.149
28 (C.54:5-114.4)¹ is amended to read as follows:

29 ¹3. ¹Any and all purchasers of the tax sale certificates and
30 subsequent municipal liens purchased, as hereinabove described, must
31 foreclose at their own expense, the right of redemption, and record the
32 final judgment in the county wherein the land is situate within two
33 years from the date of the confirmation of the sale by the governing
34 body. Any and all further or additional assignments of the tax sale
35 certificates shall be promptly recorded in the office of the county clerk
36 or register of deeds, as the case may be, of the county wherein the real
37 property is situate, and a photocopy of the recorded assignment shall
38 be served upon the local tax collector by certified mail, return receipt
39 requested. When assignments have not been recorded and served
40 upon the tax collector, the tax collector and the municipality shall be
41 held harmless for the payment of any redemption amounts to the

1 holder of the tax sale certificate as appears on the records of the tax
2 collector.

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

4

5 ¹[25.] ²[24.1] 21.² This act shall take effect immediately.

6

7

8

9

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