

[Passed Both Houses]

SENATE, No. 2196

STATE OF NEW JERSEY

INTRODUCED JUNE 5, 1997

By Senator CONNORS

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

3

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

6

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

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

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

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

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 (c) A mortgage upon an apartment which is part of a horizontal
2 property regime, established under the "Horizontal Property Act,"
3 P.L.1963, c.168 (C.46:8A-1 et seq.) or upon a unit which is part of a
4 condominium established pursuant to the "Condominium Act,"
5 P.L.1969, c.257 (C.46:8B-1 et seq.) shall be deemed a first lien
6 notwithstanding the existence of other proportionate undivided
7 interests in the "general common elements" or "common elements" of
8 such horizontal property regime or condominium, as the case may be,
9 as the same are defined in the "Horizontal Property Act," and the
10 "Condominium Act," respectively, and notwithstanding the
11 indivisibility of such common elements or the existence of a prior
12 mortgage or mortgages held by the association upon such apartment
13 or unit or the existence of a prior mortgage or mortgages on other
14 apartments or units within the particular horizontal property regime or
15 condominium, as the case may be, regardless of whether such prior
16 mortgages are held by the association or any other mortgagee [and
17 notwithstanding liens of taxes or assessments which are not
18 delinquent,] and notwithstanding the existence of building restrictions
19 or other restrictive covenants or conditions, leases or tenancies
20 whereby rents or profits are reserved to the owner, or other easements
21 or encroachments which do not materially affect the security for the
22 mortgage loan. Nothing herein shall alter or affect the status or
23 priority of municipal liens under R.S.54:5-1 et seq.

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

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

29

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

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

1 entitled to a recordable satisfaction of lien. Except as set forth in
2 subsection b. of this section, all such liens shall be subordinate to any
3 lien for past due and unpaid property taxes, the lien of any mortgage
4 to which the unit is subject and to any other lien recorded prior to the
5 time of recording of the claim of lien.

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

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

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

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

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

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

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

43 For the purpose of this section, a "customary condominium
44 assessment" shall mean an assessment for periodic payments, due the
45 association for regular and usual operating and common area expenses
46 pursuant to the association's annual budget and shall not include

1 amounts for reserves for contingencies, nor shall it include any late
2 charges, penalties, interest or any fees or costs for the collection or
3 enforcement of the assessment or any lien arising from the assessment.
4 The periodic payments due must be due monthly, or no less frequently
5 than quarter-yearly, as may be acceptable to the Federal National
6 Mortgage Association so as not to disqualify an otherwise superior
7 mortgage on the condominium from purchase by the Federal National
8 Mortgage Association as a first mortgage.

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

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

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

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

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

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

2 54:5-47. The certificate shall be substantially in the following form:

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

22 "Witness my hand and seal this day of
23, 19 (Followed by acknowledgment)."

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

25

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

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

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

37

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

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

1 cancellation of mortgages and for the record of discharges thereof, or,
2 at the option of the person redeeming, the collecting officer shall
3 procure and deliver to the owner the certificate of sale receipted for
4 cancellation by indorsement in the same manner required by law to
5 satisfy or cancel a mortgage, whereupon the record of the certificate
6 of sale shall be canceled by the county clerk or register, as the case
7 may be, in the same manner and for the same fees as in the case of
8 mortgages.

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

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

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

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

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

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

1 on the records of the tax collector.

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

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

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

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

30

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

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

1 assignment shall be served upon the local tax collector by certified
2 mail, return receipt requested. When assignments have not been
3 recorded and served upon the tax collector, the tax collector and the
4 municipality shall be held harmless for the payment of any redemption
5 amounts to the holder of the tax sale certificate as appears on the
6 records of the tax collector.

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

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

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

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

36 (b) The governing body may from time to time determine by
37 resolution the certificates of tax sale held by such municipality which
38 such municipality will agree to sell for an amount lower than the
39 amount due on each such certificate of tax sale. After such
40 determination the municipality shall give public notice set up in five
41 of the most public places in such municipality, stating the description
42 of the several lots and parcels of land covered by such certificate of
43 sale and the name of the owner of the land as contained in the
44 collector's list, together with the total amount required for redemption
45 including all subsequent municipal liens with interest and costs, and
46 stating in substance that the municipality will receive bids for any such

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

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

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

40

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

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

46 (a) At public sale to the highest bidder. Such sale shall be held after

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

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

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

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

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

23

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

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

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

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42 13. This act shall take effect immediately.

STATEMENT

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This bill is substantially similar to Senate Bill No. 1456 (2R) which was conditionally vetoed by the Governor on May 15, 1997. This bill conforms to the Governor's conditional veto recommendations except for the addition of a clarifying sentence in subsection a. of section 11 of P.L.1963, c.144 (C.17:12B-11) to preserve the priority of municipal liens, and the omission of various amendatory sections which were substantially enacted in P.L.1997, c.99. Sections 1 and 2 of this bill clarify that municipal liens have priority over mortgage liens and condominium liens. Section 3 of the bill makes a technical change to a section of law concerning the form of tax sale certificates by removing references to when the right to redeem expires. Section 4 specifies that a lien for assessments for benefits pursuant to R.S.54:5-7 may be redeemed in the same manner as tax liens. Sections 5 and 6 remove a reference to a repealed statute from R.S.54:5-55 and R.S.54:5-57 respectively. Sections 7 through 12 require that unless an assignment of a tax sale certificate is recorded, the municipality will be held harmless for the payment of redemption amounts to a person recorded as the holder of the certificate on the records of the tax collector.

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