

P.L. 2021, CHAPTER 231, *approved September 24, 2021*
Assembly, No. 5142

1 **AN ACT** protecting a homeowner in foreclosure from excessively
2 low intervening offer and amending P.L.1954, c.186.
3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:
6

7 1. Section 1 of P.L.1954, c.186 (C.54:5-89.1) is amended to
8 read as follows:

9 1. In any action to foreclose the right of redemption in any
10 property sold for unpaid taxes or other municipal liens, all persons
11 claiming an interest in or an encumbrance or lien upon such
12 property, by or through any conveyance, mortgage, assignment, lien
13 or any instrument which, by any provision of law, could be
14 recorded, registered, entered or filed in any public office in this
15 State, and which shall not be so recorded, registered, entered or
16 filed at the time of the filing of the complaint in such action shall be
17 bound by the proceedings in the action so far as such property is
18 concerned, in the same manner as if **[he]** the person had been made
19 a party to and appeared in such action, and the judgment therein had
20 been made against **[him]** the person as one of the defendants
21 therein; but such person, upon causing such conveyance, mortgage,
22 assignment, lien, claim or other instrument to be recorded,
23 registered, entered or filed as provided by law, may apply to be
24 made a party to such action. No person, however, shall be
25 admitted as a party to such action, nor shall **[he]** the person have
26 the right to redeem the lands from the tax sale whenever it shall
27 appear that **[he]** the person has acquired such interest in the lands
28 for **[a nominal consideration]** less than fair market value after the
29 filing of the complaint, except where such transferee is related by
30 blood or marriage to, or who, because of other close or personal
31 relationship with the transferor, would in normal course be a party
32 to an instrument for little or no consideration, or where such party
33 acquired his interest at a judicial sale.

34 (cf: P.L.1967, c.149, s.1)
35

36 2. This act shall take effect immediately.
37
38

39 **STATEMENT**
40

41 This bill protects a homeowner in foreclosure from an
42 excessively low intervening offer.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 This bill amends P.L.1954, c.186 (C.54:5-89.1) to prohibit a
2 person who has acquired an interest in a parcel of real property for
3 less than the fair market value of that property, after the filing of the
4 foreclosure complaint, from being admitted as a party to the
5 foreclosure action and also from exercising the right of redemption.
6 Under current law, an individual is prohibited from exercising the
7 right of redemption after acquiring an interest in land for a nominal
8 consideration after the filing of the foreclosure complaint.

9

10

11

12

13 Protects homeowner in foreclosure from excessively low
14 intervening offer.