

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

Murphy signs bills aimed at helping those facing foreclosure
Associated Press State Wire: New Jersey (NJ) - April 29, 2019

Murphy Signs Bills Targeting State's Foreclosure Crisis
New Jersey Law Journal, April 30, 2019

Murphy signs 9 bills to alleviate NJ foreclosure crisis
NJBIZ (New Brunswick, NJ) - April 30, 2019

Murphy takes aim at state's foreclosure rate
Star-Ledger, The (Newark, NJ) - April 30, 2019

Murphy signs foreclosure laws in A.C. - Murphy signs foreclosure package in Atlantic City
Press of Atlantic City, The (NJ) - April 30, 2019

Murphy acts to combat foreclosure crisis
Burlington County Times (Willingboro, NJ) - April 30, 2019

Gov. takes aim at N.J. foreclosures
Hunterdon County Democrat (Flemington, NJ) - May 2, 2019

Foreclosure bill signed into law - Trenton. Gov. Phil Murphy signs measure that will tackle surge in New Jersey's foreclosures and streamline pending cases.
Advertiser-News, The (Sussex County, NJ) - May 10, 2019

RWH/JA

P.L. 2019, CHAPTER 68, *approved April 29, 2019*
Assembly, No. 5002 (*First Reprint*)

1 AN ACT concerning liens filed for unpaid assessments in ¹certain¹
2 common interest communities, amending P.L.1969, c.257 ¹₁¹ and
3 supplementing P.L.1993, c.30 ¹[(C.45:22A-43)] (C.45:22A-43
4 et seq.)¹.

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

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

11 21. a. The association shall have a lien on each unit for any
12 unpaid assessment duly made by the association for a share of
13 common expenses or otherwise, including any other moneys duly
14 owed the association, upon proper notice to the appropriate unit
15 owner, together with interest thereon and ¹[, if authorized by the
16 master deed or bylaws,] any¹ late fees, fines ¹, expenses,¹ and
17 reasonable attorney's fees ¹imposed or incurred in the collection of
18 the unpaid assessment¹; provided however that an association shall
19 not record a lien in which the unpaid assessment consists solely of
20 late fees. Such lien shall be effective from and after the time of
21 recording in the public records of the county in which the unit is
22 located of a claim of lien stating the description of the unit, the
23 name of the record owner, the amount due and the date when due.
24 Such claim of lien shall include only sums which are due and
25 payable when the claim of lien is recorded and shall be signed and
26 verified by an officer or agent of the association. Upon full
27 payment of all sums secured by the lien, the party making payment
28 shall be entitled to a recordable satisfaction of lien. Except as set
29 forth in subsection b. of this section, all such liens shall be
30 subordinate to any lien for past due and unpaid property taxes, the
31 lien of any mortgage to which the unit is subject and to any other
32 lien recorded prior to the time of recording of the claim of lien.

33 b. A lien recorded pursuant to subsection a. of this section shall
34 have a limited priority over prior recorded mortgages and other
35 liens, except for municipal liens or liens for federal taxes, to the
36 extent provided in this subsection. This priority shall be limited as
37 follows:

38 (1) To a lien which is the result of customary condominium
39 assessments as defined herein, the amount of which shall not exceed

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AHO committee amendments adopted March 7, 2019.

1 the aggregate customary condominium assessment against the unit
2 owner for the ~~【six-month】~~ ¹~~【nine-month】~~ six-month¹ period prior
3 to the recording of the lien. ¹This limited priority shall be
4 cumulatively renewed on an annual basis as necessary.¹

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

10 (3) In the case of more than one association lien being filed,
11 either because an association files more than one lien or multiple
12 associations have filed liens, the total amount of the liens granted
13 priority shall not be greater than the assessment for the ~~【six-month】~~
14 ¹~~【nine-month】~~ six-month¹ period specified in paragraph (1) of this
15 subsection. Priority among multiple filings shall be determined by
16 their date of recording with the earlier recorded liens having first
17 use of the priority given herein.

18 (4) ¹~~【The】~~ Except for the cumulative annual renewal of the
19 limited priority provided in paragraph (1) of this subsection, the¹
20 priority granted to a lien pursuant to this subsection shall expire on
21 the first day of the 60th month following the date of recording of an
22 association's lien.

23 (5) A lien of an association shall not be granted priority over a
24 prior recorded mortgage or mortgages under this subsection if a
25 prior recorded lien of the association for unpaid assessments ¹, not
26 including the cumulative annual renewal of the limited priority
27 provided in paragraph (1) of this subsection,¹ has obtained priority
28 over the same recorded mortgage or mortgages as provided in this
29 subsection, for a period of 60 months from the date of recording of
30 the lien granted priority.

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

38 For the purpose of this section, a "customary condominium
39 assessment" shall mean an assessment for periodic payments, due
40 the association for regular and usual operating and common area
41 expenses pursuant to the association's annual budget and shall not
42 include amounts for reserves for contingencies, nor shall it include
43 any late charges, penalties, interest or any fees or costs for the
44 collection or enforcement of the assessment or any lien arising from
45 the assessment. The periodic payments due must be due monthly,
46 or no less frequently than quarter-yearly, as may be acceptable to
47 the Federal National Mortgage Association so as not to disqualify

1 an otherwise superior mortgage on the condominium from purchase
2 by the Federal National Mortgage Association as a first mortgage.

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

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

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

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

40 (cf: P.L.1997, c.190, s.2)

41

42 2. (New section) a. ¹【The】 An¹ association shall have a lien
43 on each unit for any unpaid assessment duly made by the
44 association for a share of common expenses or otherwise, including
45 any other moneys duly owed the association, upon proper notice to
46 the appropriate unit owner, together with interest thereon and ¹【, if
47 authorized by the master deed or bylaws,】 any¹ late fees, fines ¹,
48 expenses,¹ and reasonable attorney's fees ¹imposed or incurred in

1 the collection of the unpaid assesment¹; provided ¹,¹ however ¹,¹
2 that an association shall not record a lien in which the unpaid
3 assesment consists solely of late fees. ¹**[Such]** The¹ lien shall be
4 effective from and after the time of recording in the public records
5 of the county in which the unit is located of a claim of lien stating
6 the description of the unit, the name of the record owner, the
7 amount due ¹,¹ and the date when due. ¹**[Such]** The¹ claim of lien
8 shall include only sums which are due and payable when the claim
9 of lien is recorded and shall be signed and verified by an officer or
10 agent of the association. Upon full payment of all sums secured by
11 the lien, the party making payment shall be entitled to a recordable
12 satisfaction of lien. Except as set forth in subsection b. of this
13 section, ¹**[all such]** these¹ liens shall be subordinate to any lien for
14 past due and unpaid property taxes, the lien of any mortgage to
15 which the unit is subject ¹,¹ and to any other lien recorded prior to
16 the time of recording of the claim of lien.

17 b. A lien recorded pursuant to subsection a. of this section shall
18 have a limited priority over prior recorded mortgages and other
19 liens, except for municipal liens or liens for federal taxes, to the
20 extent provided in this subsection. This priority shall be limited as
21 follows:

22 (1) To a lien which is the result of customary assessments as
23 defined herein, the amount of which shall not exceed the aggregate
24 customary assessment against the unit owner for the ¹**[nine-month]**
25 six-month¹ period prior to the recording of the lien. ¹This limited
26 priority shall be cumulatively renewed on an annual basis as
27 necessary.¹

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

33 (3) In the case of more than one association lien being filed,
34 either because an association files more than one lien or multiple
35 associations have filed liens, the total amount of the liens granted
36 priority shall not be greater than the assesment for the ¹**[nine-**
37 **month]** six-month¹ period specified in paragraph (1) of this
38 subsection. Priority among multiple filings shall be determined by
39 their date of recording with the earlier recorded liens having first
40 use of the priority given herein.

41 (4) ¹**[The]** Except for the cumulative annual renewal of the
42 limited priority provided in paragraph (1) of this subsection, the¹
43 priority granted to a lien pursuant to this subsection shall expire on
44 the first day of the 60th month following the date of recording of an
45 association's lien.

46 (5) A lien of an association shall not be granted priority over a
47 prior recorded mortgage or mortgages under this subsection if a

1 prior recorded lien of the association for unpaid assessments ¹, not
2 including the cumulative annual renewal of the limited priority
3 provided in paragraph (1) of this subsection,¹ has obtained priority
4 over the same recorded mortgage or mortgages as provided in this
5 subsection, for a period of 60 months from the date of recording of
6 the lien granted priority.

7 (6) When recording a lien which may be granted priority
8 pursuant to this ¹**[act]** section¹, an association shall notify, in
9 writing, any holder of a first mortgage lien on the property of the
10 filing of the association lien. An association which exercises a
11 good faith effort but is unable to ascertain the identity of a holder of
12 a prior recorded mortgage on the property will be deemed to be in
13 substantial compliance with this paragraph.

14 For the purpose of this section, an "assessment" ¹**[shall mean]**
15 means¹ an assessment for periodic payments, due ¹to¹ the
16 association for regular and usual operating and common area
17 expenses pursuant to the association's annual budget and shall not
18 include amounts for reserves for contingencies, nor shall it include
19 any late charges, penalties, interest ¹,¹ or any fees or costs for the
20 collection or enforcement of the assessment or any lien arising from
21 the assessment. The periodic payments due ¹**[must]** shall¹ be due
22 monthly, or no less frequently than quarter-yearly, as may be
23 acceptable to the Federal National Mortgage Association so as not
24 to disqualify an otherwise superior mortgage on the property from
25 purchase by the Federal National Mortgage Association as a first
26 mortgage.

27 c. Upon any voluntary conveyance of a unit, the grantor and
28 grantee of ¹**[such]** the¹ unit shall be jointly and severally liable for
29 all unpaid assessments pertaining to ¹**[such]** the¹ unit duly made by
30 the association or accrued up to the date of ¹**[such]** the¹
31 conveyance without prejudice to the right of the grantee to recover
32 from the grantor any amounts paid by the grantee, but the grantee
33 shall be exclusively liable for those accruing while ¹**[he is]**¹ the
34 unit owner.

35 d. Any unit owner or any purchaser of a unit prior to
36 completion of a voluntary sale may require from the association a
37 certificate showing the amount of unpaid assessments pertaining to
38 ¹**[such]** the¹ unit and the association shall provide ¹**[such]** the¹
39 certificate within 10 days after request therefor. The holder of a
40 mortgage or other lien on any unit may request a similar certificate
41 with respect to ¹**[such]** the¹ unit. Any person other than the unit
42 owner at the time of issuance of any ¹**[such]**¹ certificate who relies
43 upon ¹**[such]** the¹ certificate shall be entitled to rely thereon and
44 ¹**[his]** the person's¹ liability shall be limited to the amounts set
45 forth in ¹**[such]** the¹ certificate.

1 e. If a mortgagee of a first mortgage of record or other
2 purchaser of a unit obtains title to ¹~~such~~ the¹ unit as a result of
3 foreclosure of the first mortgage, ¹~~such~~ the¹ acquirer of title,
4 ¹~~his~~ their¹ successors and assigns shall not be liable for the share
5 of common expenses or other assessments by the association
6 pertaining to ¹~~such~~ the¹ unit or chargeable to the former unit
7 owner which became due prior to acquisition of title as a result of
8 the foreclosure. Any remaining unpaid share of common expenses
9 and other assessments, except assessments derived from late fees or
10 fines, shall be deemed to be common expenses collectible from all
11 of the remaining unit owners including ¹~~such~~ the¹ acquirer,
12 ¹~~his~~ their¹ successors and assigns.

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

22 ¹g. The provisions of this section shall not apply to
23 cooperatives. The provisions of this section shall not diminish the
24 priority of a cooperative's issuer's lien or security interest in the
25 shares of stock and lease appurtenant thereto which is perfected
26 when a shareholder's ownership interest in the cooperative first
27 comes into existence.

28 For purposes of this section, "cooperative" means any system of
29 land ownership and possession in which the fee title to the land and
30 structure is owned by a corporation or other legal entity in which
31 the shareholders or other co-owners each also have a long term
32 proprietary lease or other long term arrangement of exclusive
33 possession for a specific unit of occupancy space located within the
34 same structure.¹

35
36 3. This act shall take effect immediately.
37
38

39 _____
40
41 Permits certain planned real estate developments to file certain
42 liens; concerns limited priority of certain liens.

ASSEMBLY, No. 5002

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED FEBRUARY 7, 2019

Sponsored by:

Assemblywoman ANNETTE CHAPARRO

District 33 (Hudson)

Assemblyman RALPH R. CAPUTO

District 28 (Essex)

Assemblyman BENJIE E. WIMBERLY

District 35 (Bergen and Passaic)

SYNOPSIS

Permits planned real estate developments to file liens for certain unpaid assessments; extends limited priority of certain liens to nine months.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 2/15/2019)

A5002 CHAPARRO, CAPUTO

2

1 AN ACT concerning liens filed for unpaid assessments in common
2 interest communities, amending P.L.1969, c.257 and
3 supplementing P.L.1993, c.30 (C.45:22A-43).

4

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

7

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

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

31 b. A lien recorded pursuant to subsection a. of this section shall
32 have a limited priority over prior recorded mortgages and other
33 liens, except for municipal liens or liens for federal taxes, to the
34 extent provided in this subsection. This priority shall be limited as
35 follows:

36 (1) To a lien which is the result of customary condominium
37 assessments as defined herein, the amount of which shall not exceed
38 the aggregate customary condominium assessment against the unit
39 owner for the **[six-month]** nine-month period prior to the recording
40 of the lien.

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

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

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

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

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

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

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

44 d. Any unit owner or any purchaser of a unit prior to
45 completion of a voluntary sale may require from the association a
46 certificate showing the amount of unpaid assessments pertaining to
47 such unit and the association shall provide such certificate within 10
48 days after request therefor. The holder of a mortgage or other lien

1 on any unit may request a similar certificate with respect to such
2 unit. Any person other than the unit owner at the time of issuance
3 of any such certificate who relies upon such certificate shall be
4 entitled to rely thereon and his liability shall be limited to the
5 amounts set forth in such certificate.

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

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

26 (cf: P.L.1997, c.190, s.2)

27

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

1 b. A lien recorded pursuant to subsection a. of this section shall
2 have a limited priority over prior recorded mortgages and other
3 liens, except for municipal liens or liens for federal taxes, to the
4 extent provided in this subsection. This priority shall be limited as
5 follows:

6 (1) To a lien which is the result of customary assessments as
7 defined herein, the amount of which shall not exceed the aggregate
8 customary assessment against the unit owner for the nine-month
9 period prior to the recording of the lien.

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

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

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

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

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

39 For the purpose of this section, an "assessment" shall mean an
40 assessment for periodic payments, due the association for regular
41 and usual operating and common area expenses pursuant to the
42 association's annual budget and shall not include amounts for
43 reserves for contingencies, nor shall it include any late charges,
44 penalties, interest or any fees or costs for the collection or
45 enforcement of the assessment or any lien arising from the
46 assessment. The periodic payments due must be due monthly, or no
47 less frequently than quarter-yearly, as may be acceptable to the
48 Federal National Mortgage Association so as not to disqualify an

1 otherwise superior mortgage on the property from purchase by the
2 Federal National Mortgage Association as a first mortgage.

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

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

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

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

40

41 3. This act shall take effect immediately.

42

43

44

STATEMENT

45

46 This bill would permit all common interest community
47 associations to record a lien for unpaid assessments, and to provide
48 limited priority over prior recorded mortgages and other liens

A5002 CHAPARRO, CAPUTO

7

1 (except for municipal liens or liens for federal taxes) for nine
2 months-worth of unpaid customary assessments.

3 Under current law, the “Condominium Act,” N.J.S.A.46:8B-21, a
4 condominium association is permitted to file a lien to collect unpaid
5 assessments, and if provided for in the master deed or bylaws, late
6 fees, fines, and reasonable attorney’s fees. The bill extends the
7 ability to file for such a lien to all types of planned real estate
8 development associations.

9 Additionally, under current law, six months-worth of delinquent
10 condominium association customary common expense assessments
11 are given a limited priority status over prior recorded mortgages and
12 other liens. This bill extends that lien priority from six to nine
13 months in order to allow associations to collect more of the unpaid
14 assessments following a transfer of title of the dwelling.

ASSEMBLY HOUSING AND COMMUNITY DEVELOPMENT
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 5002

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 6, 2019

The Assembly Housing and Community Development Committee reports favorably Assembly Bill No. 5002, with committee amendments.

As amended, this bill permits all common interest community associations, other than cooperatives, to record a lien for unpaid assessments and provide a limited priority over prior recorded mortgages and other liens, not including municipal or federal liens.

Under current law, the “Condominium Act,” N.J.S.A.46:8B-21, a condominium association is authorized to record a lien to collect unpaid assessments, and if provided in the master deed or bylaws, late fees, fines, and reasonable attorney’s fees. Currently, a portion of the association lien holds a limited priority over prior recorded mortgages and certain other liens in an amount not to exceed the aggregate customary condominium assessment levied against the unit owner during the six-month period prior to the recording of the lien.

The bill expands this authorization to include other forms of common interest community associations, not including cooperatives. The bill also revises certain provisions of law concerning the limited priority of association liens. Specifically, the bill provides that the limited priority of each association lien would be cumulatively renewed on an annual basis as necessary. The bill also exempts association liens which are cumulatively renewed on an annual basis from the 60 month expiration period of the limited priority. Under the bill, the cumulative annual renewal of an association lien would not prevent a subsequent lien of the association from receiving a priority over a prior recorded mortgage.

The bill also allows association liens to include any late fees, fines, expenses, and reasonably attorney’s fees imposes or incurred in the collection of the unpaid assessment, even if such inclusion is not explicitly authorized in the master deed or bylaws of the association.

As amended and reported by the committee, the bill is identical to Senate Bill No. 3414 (2R), which was amended by the Senate on February 21, 2019.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

(1) provide that the portion of an association lien that receives a limited priority may not exceed the aggregate customary assessments levied against the unit owner during the six-month period prior to the recording of the lien;

(2) clarify that the lien priority of condominium associations and other planned real estate developments would be cumulatively renewed on an annual basis as necessary;

(3) exempt association liens that are cumulatively renewed on an annual basis from the 60 month expiration period of the limited priority;

(4) provide that the cumulative annual renewal of an association lien would not prevent a subsequent lien of the association from receiving a priority over a prior recorded mortgage;

(5) allow an association lien to include any late fees, fines, expenses, and reasonable attorney's fees imposed or incurred in the collection of the unpaid assessment, even if such inclusion is not explicitly authorized in the master deed or bylaws of the association;

(6) exempt cooperatives from the provisions of the bill; and

(7) provide technical changes to the bill.

ASSEMBLY FINANCIAL INSTITUTIONS AND INSURANCE
COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 5002

STATE OF NEW JERSEY

DATED: MARCH 6, 2019

The Assembly Financial Institutions and Insurance Committee reports favorably Assembly Bill No. 5002 (1R).

This bill permits all common interest community associations, other than cooperatives, to record a lien for unpaid assessments and provide a limited priority over prior recorded mortgages and other liens, not including municipal or federal liens.

Under current law, the “Condominium Act,” N.J.S.A.46:8B-21, a condominium association is authorized to record a lien to collect unpaid assessments, and if provided in the master deed or bylaws, late fees, fines, and reasonable attorney’s fees. Currently, a portion of the association lien holds a limited priority over prior recorded mortgages and certain other liens in an amount not to exceed the aggregate customary condominium assessment levied against the unit owner during the six-month period prior to the recording of the lien.

The bill expands this authorization to include other forms of common interest community associations, not including cooperatives. The bill also revises certain provisions of law concerning the limited priority of association liens. Specifically, the bill provides that the limited priority of each association lien would be cumulatively renewed on an annual basis as necessary. The bill also exempts association liens which are cumulatively renewed on an annual basis from the 60 month expiration period of the limited priority. Under the bill, the cumulative annual renewal of an association lien would not prevent a subsequent lien of the association from receiving a priority over a prior recorded mortgage.

The bill also allows association liens to include any late fees, fines, expenses, and reasonably attorney’s fees imposes or incurred in the collection of the unpaid assessment, even if such inclusion is not explicitly authorized in the master deed or bylaws of the association.

As reported by the committee, the bill is identical to Senate Bill No. 3414 (2R), which was amended by the Senate on February 21, 2019.

SENATE, No. 3414

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED JANUARY 31, 2019

Sponsored by:

Senator TROY SINGLETON

District 7 (Burlington)

Senator STEVEN V. OROHO

District 24 (Morris, Sussex and Warren)

Senator DAWN MARIE ADDIEGO

District 8 (Atlantic, Burlington and Camden)

SYNOPSIS

Extends limited priority of liens filed for unpaid assessments in common interest communities to nine months; permits certain planned real estate developments to file certain liens.

CURRENT VERSION OF TEXT

As introduced.



S3414 SINGLETON, OROHO

2

1 AN ACT concerning liens filed for unpaid assessments in certain
2 common interest communities, amending P.L.1969, c.257, and
3 supplementing P.L.1993, c.30 (C.45:22A-43 et seq.).
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

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

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

31 b. A lien recorded pursuant to subsection a. of this section shall
32 have a limited priority over prior recorded mortgages and other
33 liens, except for municipal liens or liens for federal taxes, to the
34 extent provided in this subsection. This priority shall be limited as
35 follows:

36 (1) To a lien which is the result of customary condominium
37 assessments as defined herein, the amount of which shall not exceed
38 the aggregate customary condominium assessment against the unit
39 owner for the **【six-month】** nine-month period prior to the recording
40 of the lien. This limited priority shall be cumulatively renewed on
41 an annual basis as necessary.

42 (2) With respect to a particular mortgage, to a lien recorded prior
43 to: (a) the receipt by the association of a summons and complaint
44 in an action to foreclose a mortgage on that unit; or (b) the filing

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.

S3414 SINGLETON, OROHO

1 with the proper county recording office of a lis pendens giving
2 notice of an action to foreclose a mortgage on that unit.

3 (3) In the case of more than one association lien being filed,
4 either because an association files more than one lien or multiple
5 associations have filed liens, the total amount of the liens granted
6 priority shall not be greater than the assessment for the **[six-month]**
7 nine-month period specified in paragraph (1) of this subsection.
8 Priority among multiple filings shall be determined by their date of
9 recording with the earlier recorded liens having first use of the
10 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
16 prior recorded lien of the association for unpaid assessments has
17 obtained priority over the same recorded mortgage or mortgages as
18 provided in this subsection, for a period of 60 months from the date
19 of recording of the lien granted priority.

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

27 For the purpose of this section, a "customary condominium
28 assessment" shall mean an assessment for periodic payments, due
29 the association for regular and usual operating and common area
30 expenses pursuant to the association's annual budget and shall not
31 include amounts for reserves for contingencies, nor shall it include
32 any late charges, penalties, interest or any fees or costs for the
33 collection or enforcement of the assessment or any lien arising from
34 the assessment. The periodic payments due must be due monthly,
35 or no less frequently than quarter-yearly, as may be acceptable to
36 the Federal National Mortgage Association so as not to disqualify
37 an otherwise superior mortgage on the condominium from purchase
38 by the Federal National 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
41 unpaid assessments pertaining to such unit duly made by the
42 association or accrued up to the date of such conveyance without
43 prejudice to the right of the grantee to recover from the grantor any
44 amounts paid by the grantee, but the grantee shall be exclusively
45 liable for those accruing while he is the unit owner.

46 d. Any unit owner or any purchaser of a unit prior to completion
47 of a voluntary sale may require from the association a certificate
48 showing the amount of unpaid assessments pertaining to such unit

S3414 SINGLETON, OROHO

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

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

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

28 (cf: P.L.1997, c.190, s.2)

29

30 2. (New section) a. An association shall have a lien on each
31 unit for any unpaid assessment duly made by the association for a
32 share of common expenses or otherwise, including any other
33 moneys duly owed the association, upon proper notice to the
34 appropriate unit owner, together with interest thereon and, if
35 authorized by the master deed, declaration, bylaws, or other
36 governing documents, late fees, fines, and reasonable attorney's
37 fees; provided, however, that an association shall not record a lien
38 in which the unpaid assessment consists solely of late fees. The
39 lien shall be effective from and after the time of recording in the
40 public records of the county in which the unit is located of a claim
41 of lien stating the description of the unit, the name of the record
42 owner, the amount due, and the date when due. The claim of lien
43 shall include only sums which are due and payable when the claim
44 of lien is recorded and shall be signed and verified by an officer or
45 agent of the association. Upon full payment of all sums secured by
46 the lien, the party making payment shall be entitled to a recordable
47 satisfaction of lien. Except as set forth in subsection b. of this
48 section, these liens shall be subordinate to any lien for past due and

S3414 SINGLETON, OROHO

1 unpaid property taxes, the lien of any mortgage to which the unit is
2 subject, and to any other lien recorded prior to the time of recording
3 of the claim of lien.

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

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

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

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

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

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

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

42 For the purpose of this section, an "assessment" means an
43 assessment for periodic payments, due to the association for regular
44 and usual operating and common area expenses pursuant to the
45 association's annual budget and shall not include amounts for
46 reserves for contingencies, nor shall it include any late charges,
47 penalties, interest, or any fees or costs for the collection or
48 enforcement of the assessment or any lien arising from the

S3414 SINGLETON, OROHO

1 assessment. The periodic payments due shall be due monthly, or no
2 less frequently than quarter-yearly, as may be acceptable to the
3 Federal National Mortgage Association so as not to disqualify an
4 otherwise superior mortgage on the property from purchase by the
5 Federal National Mortgage Association as a first mortgage.

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

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

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

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

43 g. The provisions of this section shall not apply to cooperatives.
44 The provisions of this section shall not diminish the priority of a
45 cooperative's issuer's lien or security interest in the shares of stock
46 and lease appurtenant thereto which is perfected when a
47 shareholder's ownership interest in the cooperative first comes into
48 existence.

1 For purposes of this section, “cooperative” means any system of
2 land ownership and possession in which the fee title to the land and
3 structure is owned by a corporation or other legal entity in which
4 the shareholders or other coowners each also have a long term
5 proprietary lease or other long term arrangement of exclusive
6 possession for a specific unit of occupancy space located within the
7 same structure.

8

9 3. This act shall take effect immediately.

10

11

12

STATEMENT

13

14 This bill would permit all common interest community
15 associations, other than cooperatives, to record a lien for unpaid
16 assessments, and to provide limited priority over prior recorded
17 mortgages and other liens (except for municipal liens or liens for
18 federal taxes) for nine months-worth of unpaid customary
19 assessments. The bill specifically excludes cooperatives from its
20 provisions.

21 Under current law, the “Condominium Act,” N.J.S.A.46:8B-21, a
22 condominium association is permitted to file a lien to collect unpaid
23 assessments, and if provided for in the master deed or bylaws, late
24 fees, fines, and reasonable attorney’s fees. The bill extends the
25 ability to file for such a lien to other planned real estate
26 development associations.

27 Additionally, under current law, six months-worth of delinquent
28 condominium association customary common expense assessments
29 are given a limited priority status over prior recorded mortgages and
30 other liens. This bill extends that lien priority from six to nine
31 months in order to allow associations to collect more of the unpaid
32 assessments following a transfer of title of the dwelling.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 3414

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 7, 2019

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 3414, with committee amendments.

As amended, this bill would permit all common interest community associations, other than cooperatives, to record a lien for unpaid assessments, and to provide limited priority over prior recorded mortgages and other liens (except for municipal liens or liens for federal taxes) for nine months-worth of unpaid customary assessments. The bill specifically excludes cooperatives from its provisions.

Under current law, the “Condominium Act,” N.J.S.A.46:8B-21, a condominium association is permitted to file a lien to collect unpaid assessments, and if provided for in the master deed or bylaws, late fees, fines, and reasonable attorney’s fees. The bill extends the ability to file for such a lien to other planned real estate development associations.

Additionally, under current law, six months-worth of delinquent condominium association customary common expense assessments are given a limited priority status over prior recorded mortgages and other liens. This bill extends that lien priority from six to nine months in order to allow associations to collect more of the unpaid assessments following a transfer of title of the dwelling.

COMMITTEE AMENDMENTS:

The committee amendments clarify that the lien priority established by the bill would be cumulatively renewed on an annual basis as necessary for both condominium associations and the other planned real estate developments included in the provisions of the bill.

STATEMENT TO
[First Reprint]
SENATE, No. 3414

with Senate Floor Amendments
(Proposed by Senator SINGLETON)

ADOPTED: FEBRUARY 21, 2019

These floor amendments provide that the portion of certain common interest community association liens that receive a limited priority may not to exceed the aggregate customary assessments levied against the unit owner during the six-month period prior to the recording of the lien. As introduced, the bill provided that the limited priority could be applied up to those amounts assessed in the nine-month period prior to the recording of the lien.

In addition, the amendments exempt association liens which are cumulatively renewed on an annual basis from the required 60 month expiration period. The amendments also provide that the cumulative annual renewal of an association lien would not prevent a subsequent lien of the association from receiving a priority over a prior recorded mortgage.

The amendments also allow an association lien to include any late fees, fines, expenses, and reasonable attorney's fees imposed or incurred in the collection of the unpaid assessment, even if such inclusion is not explicitly authorized in the master deed or bylaws of the association.

These floor amendments apply to the liens filed by all common interest community associations, except cooperatives.



Newark, N.J.

Governor Murphy Signs Legislative Package to Address New Jersey's Foreclosure Crisis

04/29/2019

Governor Murphy Signs Legislative Package to Address New Jersey's Foreclosure Crisis

ATLANTIC CITY – Governor Phil Murphy today signed a bipartisan legislative package into law that will help New Jerseyans struggling with the state's highest-in-the-nation foreclosure rate. The new laws will assist homeowners facing the prospect of foreclosure and pave the way for community revival by addressing blight. Many of the measures were recommended in a September 2018 report by the Special Committee on Residential Foreclosures, which was created by Chief Justice Stuart Rabner.

"The foreclosure crisis has hurt our economy and jeopardized economic security of too many New Jersey families," **said Governor Murphy**. "Our communities cannot succeed while vacant or foreclosed homes sit empty or while families live in limbo. I am proud to sign these bills into law today and get New Jersey closer to ending the foreclosure crisis."

Among the bills, Governor Murphy signed A664, which codifies the Judiciary's Foreclosure Mediation Program into law, creating a long-term, permanent program that will not only increase the number of people entering mediation, but also ensure that homeowners receive housing counseling assistance to help provide them with the best possible outcomes in the foreclosure process.

"The foreclosure crisis hit the families of Atlantic County harder than almost any county in the nation. These bills offer a better path for the region and hope for families in despair," **said Special Counsel Jim Johnson**. "It's a vital and important step forward."

"Foreclosure can take an emotional and financial toll on homeowners and their families. These bills bolster our efforts to help keep families in their homes and neighborhoods intact," **said New Jersey Housing and Mortgage Finance Agency (NJHMFA) Executive Director Charles A. Richman**. "We know housing counseling works. Counseled homeowners are nearly three times as likely to have their loans modified, and 70 percent more likely to remain current after modification. That's why we have heavily invested our efforts on working to get families the counseling help they need."

The Governor signed the following nine bills into law:

- **A664** - Codifies the Judiciary's Foreclosure Mediation Program; dedicates monies from foreclosure filing fees and fines.
- **A4997** - "Mortgage Servicers Licensing Act."
- **A4999** - Requires filing of certain creditor contact information with residential mortgage foreclosure complaint and lis pendens.
- **A5001** - Revises statute of limitations for residential mortgage foreclosures.

- **A5002** - Permits certain planned real estate developments to file certain liens; concerns limited priority of certain liens.
- **S3411** - Requires receivership appointment application prior to certain foreclosure actions; requires notice of intention to foreclosure on residential mortgage to be filed within 180 days prior to commencing foreclosure; limits reinstatements of dismissed mortgage foreclosure actions.
- **S3413** - Makes certain changes to summary action foreclosure process under "Fair Foreclosure Act."
- **S3416** - Clarifies that "New Jersey Residential Mortgage Lending Act" applies to certain out-of-state persons and involved in residential mortgage lending in the State.
- **S3464** - Revises certain procedures for real estate foreclosure sales; alters adjournment of sale process.

"Foreclosures are tragic situations for New Jersey families that can also create public safety as well as quality of life issues for surrounding communities," **said Senator Steve Oroho**, sponsor of the bill package. "Doing our part to reduce the foreclosure rate statewide will protect families, make neighborhoods safer, and provide children the stability they need both at home and at school. I am proud Governor Murphy signed our bipartisan bill package into law. Stable homes will lead to happier households and better neighborhoods throughout our state."

"We are all aware that the surge in foreclosed properties is a significant factor that hinders more sustained economic growth in our state," **said Senator Troy Singleton**. "Solving the foreclosure issue by preventing homeowners from initially falling into this process will help to increase property values and stabilize our communities, while improving our state's overall economic outlook. This issue is not new. However, the comprehensive approach outlined in these bipartisan laws is unprecedented in our state. They will build upon the continued reduction in pending foreclosure cases and shorten the timeline to adjudicate these cases. This is a reflection of the work undertaken by every branch of our state government."

"Sadly, for too long our state has led the nation in foreclosures, with 70,000 properties going through the process in 2017 alone. Recognizing this problem, Chief Justice Rabner impaneled a blue ribbon committee encompassing the public, private and non-profit sectors to craft solutions, both legislative and regulatory, that were both fair and responsible to our state's residents and housing economy. I was privileged to serve and be a part of the solution," **said Assembly Speaker Craig Coughlin**. "The nine bills signed into law today are the first of many steps we'll take to address foreclosure process concerns in the state. More efficiency and ensuring fairness in the current system protects the interests of our homeowners, our neighborhoods and communities."

"These new laws will help us take a comprehensive approach in dealing with foreclosed homes in New Jersey," **said Assemblyman Benjie Wimberly**. "Foreclosed properties that sit in neighborhoods for years without being maintained are also a major problem, because these homes become eyesores to the community and drive property values down. As chair of the Assembly Housing and Community Development Committee, I will continue to work with Speaker Coughlin and our caucus to help solve the foreclosure crisis in New Jersey."

Advocates also expressed support for the measures.

"We thank Governor Murphy and the Legislature for providing valuable tools to address our state's relentless foreclosure crisis," **said Staci Berger, President and Chief Executive Officer of the Housing and Community Development Network of NJ**. "Residents and neighborhoods have suffered needlessly because the prior Administration failed to take important steps like these. During that time, residents and communities of color were disproportionately impacted by the crisis, losing so much of their housing equity. As NJ's largest HUD housing counseling intermediary, the Network is thrilled that New Jersey's leaders are now working with us and our members to keep people in their homes and helping to protect the single largest investment working families can make."

"Thanks to the leadership of both Governor Murphy and the legislators who sponsored this bill package, New Jersey is one step close to putting the foreclosure crisis behind us," **said Winn Khuong, Executive Director of Action Together New Jersey**. "Governor Murphy's action today puts New Jersey on a path to renewing our communities, something that will change the lives of so many. We are pleased to see New Jersey's leaders moving the state in the right direction."

"We applaud Governor Murphy and all of the legislators on the passage of this package of bills," **said Renee Koubiadis, Executive Director of the Anti-Poverty Network of New Jersey**. "Taken together, these bills will allow for a more transparent and fairer process for people facing default and will help alleviate New Jersey's persistent foreclosure crisis. Particularly, the codification and funding of the Foreclosure Mediation Program will allow families receive to counseling and mediation to find a resolution to be able to stay in their homes."

"A decade after the financial crisis, New Jersey continues to lead the nation in foreclosures," **said Kevin Walsh, Executive Director of Fair Share Housing Center.** "This legislative package will provide needed relief by increasing protections for homeowners and holding lenders accountable. We'd like to thank Governor Murphy and legislative leaders, including Senator Singleton, for pushing through proposals designed to protect working families."

[Back to Top](#)

Powered by  [Translate](#) [Select Language](#)

[Translator Disclaimer](#)

Governor Phil Murphy

Home

Administration

- [Governor Phil Murphy](#)
- [Lt. Governor Sheila Oliver](#)
- [First Lady Tammy Snyder Murphy](#)
- [Cabinet](#)
- [Boards, Commissions & Authorities](#)
- [Internship](#)
- [Opportunities](#)
- [Governor's Residence - Drumthwacket](#)

Key Initiatives

- [Economy & Jobs](#)
- [Education](#)
- [Environment](#)
- [Health](#)
- [Law & Justice](#)
- [Transportation](#)

News & Events

- [Press Releases](#)
- [Public Addresses](#)
- [Executive Orders](#)
- [Statements on Legislation](#)
- [Administration Reports](#)
- [Transition Reports](#)
- [Press Kits](#)

Social

- [Facebook](#)
- [Twitter](#)
- [Instagram](#)
- [Snapchat](#)
- [YouTube](#)

Contact Us

- [Scheduling Requests](#)
- [Contact Us](#)

Statewide

- [NJ Home](#)
- [Services A to Z](#)
- [Departments/Agencies](#)
- [FAQs](#)
- [Contact Us](#)
- [Privacy Notice](#)
- [Legal Statement & Disclaimers](#)
- [Accessibility](#)
- [Statement](#)



Copyright © State of New Jersey, 1996-2018
Office of Governor PO Box 001
Trenton, NJ 08625
609-292-6000

powered by **njoit**

YOURMONEY.NJ.GOV