

CHAPTER 63

AN ACT concerning the payment of mortgage loans and of property taxes by certain persons in military service on federal active duty, amending P.L.2015, c.277, and supplementing P.L.1979, c.317 (C.38:23C-1 et seq.).

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

C.38:23C-23.1 Definitions relative to certain payments by certain persons in military service.

1. a. As used in this section:

“Mortgagee” means the holder of a mortgage loan that is a State chartered bank, savings bank, savings and loan association or credit union, any person required to be licensed under the provisions of the “New Jersey Residential Mortgage Lending Act,” sections 1 through 39 of P.L.2009, c.53 (C.17:11C-51 et seq.), and any entity acting on behalf of the mortgagee named in the debt obligation including, but not limited to, servicers.

“Mortgagor” means a person who borrows money by mortgaging his property to the lender as security for a mortgage loan.

“Mortgage loan” means a loan made to a natural person or persons to whom credit is offered or extended primarily for personal, family or household purposes which is secured by a mortgage constituting a lien upon real property located in this State on which there is erected or to be erected a structure, which is the primary residence of the natural person or persons, containing one to six dwelling units, a portion of which structure may be used for nonresidential purposes, in the making of which the mortgagee relies primarily upon the value of the mortgaged property.

b. A person domiciled in this State who is mobilized for federal active duty as a member of the National Guard or a Reserve Component of the Armed Forces of the United States may, at the person’s discretion, secure, if a request is made during this period of federal active duty service, a deferment of the payment of interest and principal on a mortgage loan that was secured by the person, or the person and another person jointly, before the date on which the person enters federal active duty.

c. A person may make a request pursuant to subsection b. of this section by mailing a written request to the mortgagee that shall include: (1) a copy of the person’s military orders or a commanding officer letter on official letterhead from the person’s commanding officer including a contact telephone number and setting forth the beginning and ending dates of the person’s mobilization, or that, where applicable, the mobilization is ongoing, and (2) the name, address, and phone number of an individual who may be contacted regarding the mortgage loan while the person is in service on federal active duty. Upon receipt of the request with the required information, the mortgagee shall grant a deferment of the payment of interest and principal, effective as of the date of the person’s entry on active duty. The deferment shall remain in effect while that person remains in service on federal active duty, and shall expire 60 calendar days after release or separation from federal active duty. Upon receipt of the request with the required information, the mortgagee shall prepare and send for signature to the person requesting the deferment, and any other mortgagor, a modification of agreement extending the term of the loan commensurate with the number of months of active duty service for which the person is receiving deferment, plus 60 calendar days. If the person and any other mortgagor does not sign and return the modification of agreement to the mortgagee within 30 calendar days of receipt thereof, the person shall not be entitled to the protections and benefits accorded under this section. If the person’s mobilization begins less than 30 calendar days from the date of the issuance of the military orders, the person and any

other mortgagor shall sign and return the modification of agreement to the mortgagee within 60 calendar days of the person's release or separation from federal active duty, and failure to do so shall result in the person being ineligible for the protections and benefits accorded under this section. The person requesting deferment shall inform the mortgagee of any modifications to the initial orders for federal active duty service.

d. Nothing contained in this section shall affect payments to or from escrow, as required by the loan agreement, for property taxes, special assessments, mortgage insurance, and hazard insurance, nor shall the person's monthly escrow payments following federal active duty service increase as a result of deferment, except commensurate with an increase in the amount for taxes or insurance premiums. Failure on behalf of the person to make the monthly payment to escrow shall not create a delinquency. Any payments to escrow not made may be included in the annual escrow analysis, and the payment to escrow following release from federal active duty may be increased if a shortage exists in the escrow account. Payments to or from escrow for taxes assessed against real and personal property solely owned by the resident, or with a spouse, shall be deferred if the person is granted a deferment pursuant to P.L.2015, c.277 (C.54:4-8.25 et seq.).

e. The following charges, incurred prior to the date of entry on active duty, when imposed pursuant to law, shall not increase during the period of deferment, nor shall they accrue as a result of the deferment: late or delinquency charges; attorneys' and collection fees; and recording or filing fees. Interest shall not be compounded as a result of deferment, that is, interest shall not be charged on the deferred interest.

2. Section 1 of P.L.2015, c.277 (C.54:4-8.25) is amended to read as follows:

C.54:4-8.25 Property tax deferment for certain persons in military service.

1. Every resident of this State who is enlisted in any branch of the United States Armed Forces shall be entitled to a deferment of the amount of any tax bill for taxes assessed against real and personal property solely owned by the resident, or with a spouse, that becomes due while the resident is deployed for active service in time of war. This provision shall apply also to a resident of this State who is mobilized for federal active duty as a member of the National Guard or a Reserve Component of the Armed Forces. The deferment shall commence on the tax due date, and shall end 90 days after the last date of deployment or mobilization, as appropriate. The tax amount deferred shall be due and owing on the first day following the 90-day grace period, and shall be paid to the tax collector of the municipality in which the property is located. No interest shall be charged when the deferred property tax amount is paid in full within the 90-day grace period. When the property tax amount is not paid in full within the grace period, interest shall be charged on any unpaid amount at the rate it would have accrued since the original property tax due date.

3. Section 2 of P.L.2015, c.277 (C.54:4-8.26) is amended to read as follows:

C.54:4-8.26 Written application for tax deferral; tax lien during deferment prohibited.

2. a. No deferment of any tax amount assessed against real and personal property pursuant to section 1 of P.L.2015, c.277 (C.54:4-8.25) shall be allowed except upon written application therefor, on a form prescribed by the Director of the Division of Taxation in the Department of the Treasury, and provided by the governing body of the municipality constituting the taxing district in which the application is to be filed. The application shall specify any documentation required to be submitted in order to ascertain that the applicant is

qualified to receive the deferment. The Director of the Division of Taxation in the Department of the Treasury shall promulgate any rules and regulations necessary to implement the provisions of P.L.2015, c.277 (C.54:4-8.25 et seq.).

b. A resident eligible for a deferment of any tax amount assessed against real and personal property pursuant to section 1 of P.L.2015, c.277 (C.54:4-8.25), or a person acting on behalf of the resident, shall file an application for deferment with the tax collector of the municipality in which the property is located. The application shall be accompanied by any documentation required to be submitted pursuant to subsection a. of this section. Upon receipt of an application for the deferment of payment and all required documentation by an eligible resident, the tax collector shall, within 30 calendar days, send a letter to the resident and any mortgagee incident to the payment of such tax amount notifying each of the effective date of the deferment.

c. No tax lien may be issued against the real and personal property for which the deferment of payment of a tax bill is granted pursuant to P.L.2015, c.277 (C.54:4-8.25 et seq.) as the result of such deferment.

4. This act shall take effect immediately.

Approved November 14, 2016.