

## CHAPTER 157

AN ACT concerning foreclosure of residential properties and amending and supplementing P.L.1995, c.244.

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

1. Section 3 of P.L.1995, c.244 (C.2A:50-55) is amended to read as follows:

C.2A:50-55 Definitions.

3. As used in this act:

"Deed in lieu of foreclosure" means a voluntary, knowing and uncoerced conveyance by the residential mortgage debtor to the residential mortgage lender of all claim, interest and estate in the property subject to the mortgage. In order for a conveyance to be voluntary, the debtor shall have received notice of, and been fully apprised of the debtor's rights as specified in section 4 of this act. For purposes of this act, "voluntarily surrendered" has the same meaning as "deed in lieu of foreclosure."

"Immediate family" means the debtor, the debtor's spouse, or the mother, father, sister, brother or child of the debtor or debtor's spouse.

"Non-residential mortgage" means a mortgage, security interest or the like which is not a residential mortgage. If a mortgage document includes separate tracts or properties, those portions of the mortgage document covering the non-residential tracts or properties shall be a non-residential mortgage.

"Obligation" means a promissory note, bond or other similar evidence of a duty to pay.

"Office" means the Office of Foreclosure within the Administrative Office of the Courts.

"Residential mortgage" means a mortgage, security interest or the like, in which the security is a residential property such as a house, real property or condominium, which is occupied, or is to be occupied, by the debtor, who is a natural person, or a member of the debtor's immediate family, as that person's residence. This act shall apply to all residential mortgages wherever made, which have as their security such a residence in the State of New Jersey, provided that the real property which is the subject of the mortgage shall not have more than four dwelling units, one of which shall be, or is planned to be, occupied by the debtor or a member of the debtor's immediate family as the debtor's or member's residence at the time the loan is originated.

"Residential mortgage debtor" or "debtor" means any person shown on the record of the residential mortgage lender as being obligated to pay the obligation secured by the residential mortgage.

"Residential mortgage lender" or "lender" means any person, corporation, or other entity which makes or holds a residential mortgage, and any person, corporation or other entity to which such residential mortgage is assigned.

"Servicer" means the person, corporation or other entity responsible for servicing a residential mortgage loan, including a residential mortgage lender who makes or holds a loan if the lender also services the loan.

"Servicing" means managing the mortgage loan account on a daily basis, including collecting and crediting periodic loan payments, managing escrow accounts, or enforcing the terms of the mortgage or note.

"Short sale" means the sale of real property in which the lender or servicer agrees to release the lien that is secured by a residential mortgage on the property upon receipt of a lesser amount than is owed on the mortgage.

C.2A:50-56.2 Response by servicers to offer relative to short sale.

2. a. A servicer shall respond to a good faith offer from a seller, seller's agent, or authorized third party to purchase the property through a short sale within 60 days of the date of the offer. A response would include an approval, a denial, or a request for further information. If the servicer decides not to approve a short sale, or fails to respond to the seller's, seller's agent's, or authorized third party's offer within 60 days, any deposit made by the buyer in connection with the purchase of the property shall be refunded in its entirety and the potential purchaser shall have no further obligation with respect to the sale or other disposition of the property.

b. Nothing in this section shall constitute a limitation on the ability of the servicer and debtor to participate in the New Jersey Judiciary's Foreclosure Mediation Program or any other form of mediation or settlement discussion, or enter into an agreement as a result of that mediation or settlement discussion.

3. This act shall take effect on the 60th day following enactment.

Approved July 21, 2017.