SENATE, No. 1420

STATE OF NEW JERSEY

222nd LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2026 SESSION

Sponsored by:
Senator JOSEPH A. LAGANA
District 38 (Bergen)
Senator ROBERT W. SINGER
District 30 (Monmouth and Ocean)

Co-Sponsored by:
Senator Johnson

SYNOPSIS

Exempts reverse mortgage transaction from requirement that secondary mortgage loan payments be made in equal amounts and payment periods.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.

(Sponsorship Updated As Of: 5/11/2026)

AN ACT concerning requirements pertaining to secondary mortgages and reverse mortgages and amending P.L.2009, c.53.

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

1. Section 28 of P.L.2009, c.53 (C.17:11C-78) is amended to read as follows:

28. An instrument evidencing a secondary mortgage loan shall:

a. Be in the form of a promissory note for a closed-end loan, and in the form of a loan agreement for an open-end loan, and shall be identifiable by the use of the words "Secondary Mortgage Loan" printed prominently, in 14-point bold type or larger, centered and at the top of the promissory note or loan agreement.

b. **[**Provide**]** Except for a reverse mortgage transaction as defined by 15 U.S.C. s.1602, provide for the payment, in full, of the total amount of the secondary mortgage loan in substantially equal payment periods, measured in terms of weeks or months, and, except as otherwise permitted, substantially equal installment payment amounts, except that the initial payment period may be deferred for 60 days, and, provided further, when appropriate for the purpose of facilitating payment in accordance with the borrower's intermittent income, a promissory note or loan agreement may provide an installment schedule which reduces or omits payments over any period of time during which the borrower's income is reduced or suspended, and the final installment may be $1 more or less than the amount of all other installment payments.

c. Contain the following notice printed prominently, in the identical form indicated below, in 10-point bold type or larger, directly above the space provided for the signature of the borrower.

"NOTICE TO BORROWER

Read this promissory note or loan agreement before you sign.

Do not sign this promissory note or loan agreement if it contains blank spaces.

The promissory note or loan agreement is secured by a secondary mortgage on your real property."

d. Be completed in full before it is signed by the borrower. In the event that it is unnecessary to fill in a blank space provided for in any instrument, the figure -0-, a dash, line or the word "none" shall be inserted in such blank space.

(cf: P.L.2009, c.53, s.28)

2. This act shall take effect immediately.

STATEMENT

This bill exempts reverse mortgage transaction from the requirement that secondary mortgage loan payments be made in equal amounts and payment periods. Current law requires that second mortgages to be paid in installments that are substantially the same length of time and substantially equal in payment amount. This bill exempts reverse mortgage transactions from this requirement.