

**ASSEMBLY, No. 1620**

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**STATE OF NEW JERSEY**

**219th LEGISLATURE**

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PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

**Sponsored by:**

**Assemblywoman PAMELA R. LAMPITT**

**District 6 (Burlington and Camden)**

**SYNOPSIS**

Requires residential mortgage lenders to accept deed in lieu of foreclosure under certain circumstances.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



1   **AN ACT** concerning residential mortgage foreclosures and  
2       supplementing P.L.1995, c.244 (C.2A:50-53 et seq.).  
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4       **BE IT ENACTED** by the Senate and General Assembly of the State  
5   of New Jersey:  
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7       1.   a. If a lender's action to foreclose a residential mortgage is  
8   uncontested as defined in R.4:64-1(c) of the Rules Governing the  
9   Courts of the State of New Jersey, and the debtor has not exercised  
10   the right to cure the default and reinstate the mortgage, pursuant to  
11   section 5 of P.L.1995, c.244 (C.2A:50-57) or any other law or legal  
12   right or remedy, the lender shall complete the foreclosure action by  
13   applying for and obtaining entry of final judgment within one year  
14   from the date of the filing of the summons and complaint that  
15   commences the foreclosure action.

16       b. If the lender fails to complete the foreclosure action and  
17   have final judgment entered pursuant to subsection a. of this  
18   section, the lender shall be required to accept, if offered by the  
19   debtor, a deed in lieu of foreclosure of the property which is the  
20   subject of the mortgage. Upon acceptance of the deed in lieu of  
21   foreclosure:

22       (1) the debt which was secured by the foreclosed mortgage shall  
23   be deemed satisfied and the lender shall not be permitted to institute  
24   any further action for the collection of the debt; and

25       (2) the lender shall assume responsibility for payment of any  
26   and all property taxes on the property.  
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28       2. This act shall take effect immediately and shall apply to any  
29   residential mortgage foreclosure action commenced on or after the  
30   effective date.  
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#### STATEMENT

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35       This bill, which supplements the "Fair Foreclosure Act,"  
36   provides that if a lender's action to foreclose a residential mortgage  
37   is uncontested as defined in R.4:64-1(c) of the Rules Governing the  
38   Courts of the State of New Jersey, and the debtor has not exercised  
39   the right to cure the default and reinstate the mortgage, pursuant to  
40   section 5 of P.L.1995, c.244 (C.2A:50-57) or any other law or legal  
41   right or remedy, the lender shall complete the foreclosure action by  
42   applying for and obtaining entry of final judgment within one year  
43   from the date of the filing of the summons and complaint that  
44   commences the foreclosure action.

45       The bill further provides that if the lender fails to complete the  
46   foreclosure action and have final judgment entered pursuant to the  
47   bill's provisions, the lender shall be required to accept, if offered by  
48   the debtor, a deed in lieu of foreclosure of the property which is the

1 subject of the mortgage. Upon acceptance of the deed in lieu of  
2 foreclosure:

3 (1) the debt which was secured by the foreclosed mortgage shall  
4 be deemed satisfied and the lender shall not be permitted to institute  
5 any further action for the collection of the debt; and

6 (2) the lender shall assume responsibility for payment of any  
7 and all property taxes on the property.

8 The bill takes effect immediately upon enactment and applies to  
9 any foreclosure action commenced on or after the effective date.