

ASSEMBLY, No. 1912

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblyman BENJIE E. WIMBERLY

District 35 (Bergen and Passaic)

Assemblywoman VERLINA REYNOLDS-JACKSON

District 15 (Hunterdon and Mercer)

Assemblywoman MILA M. JASEY

District 27 (Essex and Morris)

Co-Sponsored by:

Assemblyman Houghtaling and Assemblywoman Downey

SYNOPSIS

Allows certain employees affected by federal government shutdown to temporarily defer mortgage loan payments and property tax payments.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** concerning the payment of mortgage loans and property
2 taxes by certain federal employees and supplementing chapter 4
3 of Title 54 of the Revised Statutes.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. As used in this act:

9 "Affected employee" means a federal employee who, during the
10 shutdown, is a resident of this State, and is required to work as a
11 federal employee without pay or furloughed as a federal employee
12 without pay.

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

20 "Mortgagor" means a person who borrows money by mortgaging
21 a property to the lender as security for a mortgage loan.

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

31 "Shutdown" means the federal fiscal year 2019 partial
32 government shutdown that began on December 22, 2018.

33
34 2. a. Between December 22, 2018 and April 1, 2019, an
35 affected employee may secure a deferment of the payment of
36 interest and principal on a mortgage loan that was secured by the
37 affected employee, or the affected employee and another person
38 jointly.

39 b. (1) An affected employee may make a request pursuant to
40 subsection a. of this section by mailing a written request to the
41 mortgagee that shall include a copy of proof of employment as an
42 affected employee.

43 (2) Upon receipt of the request with the required information,
44 the mortgagee shall grant a deferment of the payment of interest and
45 principal, effective as of December 22, 2018. The deferment shall
46 remain in effect during the period between December 22, 2018 and
47 April 1, 2019.

1 (3) Upon receipt of the request with the required information,
2 the mortgagee shall prepare and send for signature to the affected
3 employee requesting the deferment, and any other mortgagor, a
4 modification of agreement extending the term of the loan
5 commensurate with the number of months for which the affected
6 employee is receiving deferment. If the affected employee and any
7 other mortgagor does not sign and return the modification of
8 agreement to the mortgagee within 30 calendar days of receipt
9 thereof, the affected employee shall not be entitled to the
10 protections and benefits accorded under this section.

11 c. Nothing contained in this section shall affect payments to or
12 from escrow, as required by the loan agreement, for property taxes,
13 special assessments, mortgage insurance, and hazard insurance, nor
14 shall the affected employee's monthly escrow payments following
15 deferment increase as a result of deferment, except commensurate
16 with an increase in the amount for taxes or insurance premiums.
17 Failure on behalf of the affected employee to make the monthly
18 payment to escrow shall not create a delinquency. Any payments to
19 escrow not made may be included in the annual escrow analysis,
20 and the payment to escrow following deferment may be increased if
21 a shortage exists in the escrow account. Payments to or from
22 escrow for taxes assessed against real and personal property solely
23 owned by the resident, or with a spouse, shall be deferred if the
24 affected employee is granted a deferment pursuant to this act.

25 d. The following charges, incurred prior to deferment, when
26 imposed pursuant to law, shall not increase during the period of
27 deferment, nor shall they accrue as a result of the deferment: late or
28 delinquency charges; attorneys' and collection fees; and recording
29 or filing fees. Interest shall not be compounded as a result of
30 deferment, that is, interest shall not be charged on the deferred
31 interest.

32

33 3. Every resident of this State who is an affected employee
34 shall be entitled to a deferment of the amount of any tax bill for
35 taxes assessed against real and personal property solely owned by
36 the resident, or with another person jointly that becomes due during
37 the period between December 22, 2018 and April 1, 2019. The tax
38 amount deferred shall be due and owing on April 1, 2019, and shall
39 be paid to the tax collector of the municipality in which the property
40 is located. No interest shall be charged when the deferred property
41 tax amount is paid in full on April 1, 2019. When the property tax
42 amount is not paid in full, interest shall be charged on any unpaid
43 amount at the rate it would have accrued since the original property
44 tax due date.

45

46 4. a. No deferment of any tax amount assessed against real and
47 personal property pursuant to this act shall be allowed except upon
48 written application therefor, on a form prescribed by the Director of

1 the Division of Taxation in the Department of the Treasury, and
 2 provided by the governing body of the municipality constituting the
 3 taxing district in which the application is to be filed. The
 4 application shall specify any documentation required to be
 5 submitted in order to ascertain that the applicant is qualified to
 6 receive the deferment. The Director of the Division of Taxation in
 7 the Department of the Treasury shall promulgate any rules and
 8 regulations necessary to implement the provisions of this act.

9 b. A resident eligible for a deferment of any tax amount
 10 assessed against real and personal property pursuant to this act, or a
 11 person acting on behalf of the resident, shall file an application for
 12 deferment with the tax collector of the municipality in which the
 13 property is located. The application shall be accompanied by any
 14 documentation required to be submitted pursuant to subsection a. of
 15 this section. Upon receipt of an application for the deferment of
 16 payment and all required documentation by an eligible resident, the
 17 tax collector shall, within 30 calendar days, send a letter to the
 18 resident and any mortgagee incident to the payment of such tax
 19 amount notifying each of the effective date of the deferment.

20 c. No tax lien may be issued against the real and personal
 21 property for which the deferment of payment of a tax bill is granted
 22 pursuant to this act as the result of such deferment.

23

24 5. This act shall take effect immediately and shall be
 25 retroactive to December 22, 2018.

26

27

28 STATEMENT

29

30 This bill allows certain employees affected by the federal
 31 government shutdown to temporarily defer mortgage loan payments
 32 and property tax payments.

33 The bill applies to “affected employees,” meaning federal
 34 employees who, during the federal fiscal year 2019 partial
 35 government shutdown that began on December 22, 2018, were
 36 residents of this State, and were required to work as federal
 37 employees without pay or furloughed as federal employees without
 38 pay.

39 The bill provides that, between December 22, 2018 and April 1,
 40 2019, an affected employee may secure a deferment of the payment
 41 of interest and principal on a mortgage loan that was secured by the
 42 affected employee, or the affected employee and another person
 43 jointly. The bill provides that an affected employee may make a
 44 deferment request by mailing a written request to the mortgagee,
 45 including a copy of proof of employment as an affected employee.
 46 Upon receipt of the request with the required information, the
 47 mortgagee shall grant a deferment of the payment of interest and
 48 principal, effective as of December 22, 2018. The deferment shall

1 remain in effect during the period between December 22, 2018 and
2 April 1, 2019.

3 The bill requires the mortgagee, upon receipt of the request with
4 the required information, to prepare and send for signature to the
5 affected employee requesting the deferment, and any other
6 mortgagor, a modification of agreement extending the term of the
7 loan commensurate with the number of months for which the
8 affected employee is receiving deferment. If the affected employee
9 and any other mortgagor does not sign and return the modification
10 of agreement to the mortgagee within 30 calendar days of receipt
11 thereof, the affected employee is not be entitled to the protections
12 and benefits accorded under the bill.

13 The bill provides that every resident of this State who is an
14 affected employee is entitled to a deferment of the amount of any
15 tax bill for taxes assessed against real and personal property solely
16 owned by the resident, or with another person jointly that becomes
17 due during the period between December 22, 2018 and April 1,
18 2019. The tax amount deferred is due and owing on April 1, 2019,
19 and must be paid to the tax collector of the municipality in which
20 the property is located. The bill provides that no interest is to be
21 charged when the deferred property tax amount is paid in full on
22 April 1, 2019. When the property tax amount is not paid in full,
23 interest is to be charged on any unpaid amount at the rate it would
24 have accrued since the original property tax due date.

25 The bill provides that no deferment of any tax amount assessed
26 against real and personal property is to be allowed except upon
27 written application therefor, on a form prescribed by the Director of
28 the Division of Taxation in the Department of the Treasury, and
29 provided by the governing body of the municipality constituting the
30 taxing district in which the application is to be filed. The
31 application must specify any documentation required to be
32 submitted in order to ascertain that the applicant is qualified to
33 receive the deferment. The Director of the Division of Taxation in
34 the Department of the Treasury shall promulgate any rules and
35 regulations necessary to implement the provisions of this act.

36 The bill provides that a resident eligible for a deferment of any
37 tax amount assessed against real and personal property pursuant to
38 the bill, or a person acting on behalf of the resident, shall file an
39 application for deferment with the tax collector of the municipality
40 in which the property is located. Upon receipt of an application for
41 the deferment of payment and all required documentation by an
42 eligible resident, the tax collector shall, within 30 calendar days,
43 send a letter to the resident and any mortgagee incident to the
44 payment of such tax amount notifying each of the effective date of
45 the deferment.

46 This bill takes effect immediately and is retroactive to December
47 22, 2018.