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ASSEMBLY, No. 3772

STATE OF NEW JERSEY
221st LEGISLATURE

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Senators Amato, Burgess and Gopal**

SYNOPSIS

Revises process for property tax lien holder to foreclose right to redeem property tax lien; allows property owner to protect remaining equity.

CURRENT VERSION OF TEXT

As reported by the Assembly Appropriations Committee on June 24, 2024, with amendments.

(Sponsorship Updated As Of: 6/28/2024)

1 AN ACT revising the process for a property tax lien holder to
2 foreclose the right to redeem a property tax lien, amending
3 various parts of the statutory law, and supplementing chapter 5
4 of Title 54 of the Revised Statutes and P.L.1948, c.96 (C.54:5-
5 104.29 et seq.).

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

9
10 1. R.S.54:5-33 is amended to read as follows:

11 54:5-33. a. Payment for the sale shall be made before the
12 conclusion of the sale, or the property shall be resold. Any
13 premium payment shall be held by the collector and returned to the
14 purchaser of the fee if and when redemption is made. If redemption
15 is not made within five years from date of sale the premium
16 payment shall be turned over to the treasurer of the municipality
17 and become a part of the funds of the municipality. In the event
18 that a petition of bankruptcy has been filed by the property owner,
19 the five year limitation shall be extended for each day that the
20 foreclosure action is precluded by that bankruptcy filing.

21 b. **‘[If the tax sale certificate is redeemed through]** In the event
22 a property is required to be sold at¹ a judicial sale as in the manner
23 of the foreclosure of a mortgage or **‘[through]’** an Internet auction
24 through the office of the county sheriff, **‘[and the redemption is**
25 made] the premium shall be refunded to the lienholder if,¹ within
26 five years of the date of the tax sale, **‘[the tax collector shall refund**
27 the premium to the holder of the tax sale certificate] the writ of
28 execution is sent to the county sheriff’s office to schedule the
29 judicial sale or Internet auction.¹

30 In the event that the holder of the tax sale certificate, or an
31 assignee, is the successful bidder at the judicial sale **‘[as in the**
32 manner of the foreclosure of a mortgage]’¹ or **‘[an] the¹** Internet
33 auction **‘[through the office of the county sheriff]’¹**, the tax
34 collector shall not refund any premium.

35 ¹Any premium that is due to escheat to the municipality in 2024
36 shall be extended one year.¹

37 (cf: P.L.2009, c.320, s.7)

38
39 ¹2. R.S.54:5-86 is amended to read as follows:

40 54:5-86. a. When the municipality is the purchaser of a tax sale
41 certificate, the municipality, or its assignee or transferee, may, at
42 any time after the expiration of the term of six months from the date
43 of sale, institute an action to foreclose the right of redemption.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AAP committee amendments adopted June 24, 2024.

1 Except as provided in subsection a. of section 39 of P.L.1996, c.62
2 (C.55:19-58) or as provided in subsection b. of this section, for all
3 other persons that do not acquire a tax sale certificate from a
4 municipality, an action to foreclose the right of redemption may be
5 instituted at any time after the expiration of the term of two years
6 from the date of sale of the tax sale certificate. On instituting the
7 action the right to redeem shall exist and continue until barred by
8 the judgment of the Superior Court, except as set forth in R.S.54:5-
9 87.

10 b. Any person or municipality holding a tax sale certificate on
11 a property that meets the definition of abandoned property as set
12 forth in P.L.2003, c.210 (C.55:19-78 et al.), either at the time of the
13 tax sale or thereafter, may at any time file an action with the
14 Superior Court in the county wherein said municipality is situate,
15 demanding that the right of redemption on such property be barred,
16 pursuant to the "tax sale law," R.S.54:5-1 et seq., or the In Rem Tax
17 Foreclosure Act (1948), P.L.1948, c.96 (C.54:5-104.29 et seq.).
18 The filing shall include a certification by the public officer or the
19 tax collector that the property is abandoned, provided pursuant to
20 subsection d. of section 6 of P.L.2003, c.210 (C.55:19-83). In the
21 event that the certificate holder has unsuccessfully sought such
22 certification from the public officer or tax collector, as the case may
23 be, the certificate holder may submit to the court evidence that the
24 property is abandoned, accompanied by a report and sworn
25 statement by an individual holding appropriate licensure or
26 professional qualifications, and shall provide a copy of those
27 documents submitted to the court to the public officer and the tax
28 collector. On the basis of this submission and any submission
29 provided by the public officer or tax collector, as the case may be,
30 the court shall determine whether the property meets the definition
31 of abandoned property.

32 c. Any person holding a tax sale certificate on a property that
33 meets the definition of abandoned property as set forth in P.L.2003,
34 c.210 (C.55:19-78 et al.), either at the time of the tax sale or
35 thereafter, may enter upon that property at any time after written
36 notice to the owner by certified mail return receipt requested in
37 order to make repairs, or abate, remove or correct any condition
38 harmful to the public health, safety and welfare, or any condition
39 that is materially reducing the value of the property.

40 d. Any sums incurred or advanced pursuant to subsection c. of
41 this section may be added to the unpaid balance due the holder of
42 the tax sale certificate at the statutory interest rate for subsequent
43 liens.¹

44 (cf: P.L.2015, c.16, s.1)

45

46 ¹[2.] 3.¹ R.S.54:5-87 is amended to read as follows:

47 54:5-87. a. The Superior Court, in an action to foreclose the
48 right of redemption ¹brought pursuant to subsection b. of R.S.54:5-

1 86¹, may give full and complete relief under this chapter, in
2 accordance with other statutory authority of the court, to bar the
3 right of redemption¹, to bar claims to surplus equity,¹ and to
4 foreclose all prior or subsequent alienations and descents of the
5 lands and encumbrances thereon, except subsequent municipal
6 liens, and to adjudge an absolute and indefeasible estate of
7 inheritance in fee simple, to be vested in the purchaser. The
8 judgment shall be final upon the defendants, their heirs, devisees
9 and personal representatives, and their or any of their heirs,
10 devisees, executors, administrators, grantees, assigns or successors
11 in right, title or interest and no application shall be entertained to
12 reopen the judgment after three months from the date thereof, and
13 then only upon the grounds of lack of jurisdiction or fraud in the
14 conduct of the suit. Such judgment and recording thereof shall not
15 be deemed a sale, transfer, or conveyance of title or interest to the
16 subject property under the provisions of the "Uniform Voidable
17 Transactions Act," R.S.25:2-20 et seq. ¹An action brought pursuant
18 to subsection b. of R.S.54:5-86 shall not require a judicial sale as in
19 the manner of the foreclosure of a mortgage or an Internet auction
20 through the office of the county sheriff.¹

21 b. In ¹an action brought pursuant to subsection a. of R.S.54:5-
22 86, in¹ order to preserve any equity that may exist in the property
23 being foreclosed, the owner, or the owner's heirs, shall have the
24 right to demand, by written request to the Superior Court ¹[no later
25 than 45 days after being served with the foreclosure complaint]
26 before the date that the final judgment is entered¹ , that the holder
27 of the tax sale certificate foreclose the right to redeem that
28 certificate in the same manner as a mortgage, through a judicial sale
29 as in the manner of the foreclosure of a mortgage of the property
30 through the office of the county sheriff, or in the alternative,
31 through an Internet auction of the property through the office of the
32 county sheriff. The final judgment shall provide for a writ of
33 execution to the sheriff of the county in which the property is
34 located, and the holding of either a judicial sale ¹[as in the manner
35 of the foreclosure of a mortgage,]¹ or an Internet auction. In the
36 event that the owner or the owner's heirs do not demand a judicial
37 sale ¹[as in the manner of the foreclosure of a mortgage,]¹ or an
38 Internet auction, the owner of the tax sale certificate may proceed
39 under subsection a. of this section and foreclose without a judicial
40 sale ¹[as in the manner of the foreclosure of a mortgage,] or an
41 Internet auction,¹ and the owner and the owner's heirs shall have no
42 claim against the holder of the tax sale certificate for any equity in
43 the property. The amount received through the judicial sale ¹[as in
44 the manner of the foreclosure of a mortgage,]¹ or ¹[through]¹ the
45 Internet auction, as appropriate, shall be conclusively presumed to
46 be the fair market value of the property. In the event that no one
47 bids on the property through the judicial sale ¹[as in the manner of

1 the foreclosure of a mortgage]¹ or '[at]¹ the Internet auction, and
2 the owner of the tax sale certificate obtains fee title from the sheriff,
3 it shall be conclusively presumed that there is no equity in the
4 property. In the event that the sheriff has not established an Internet
5 auction, the '[defendant] owner or the owner's heirs'¹ shall only be
6 entitled to a judicial sale as in the manner of the foreclosure of a
7 mortgage.

8 The sheriff of the county shall deposit with the clerk of the
9 Superior Court any surplus funds derived from the judicial sale '[as
10 in the manner of the foreclosure of a mortgage]¹ or the Internet
11 auction, as appropriate, after the holder of the tax sale certificate
12 has been paid the redemption moneys, allowable costs, and
13 attorney's fees as set forth by the court in the final judgment of
14 foreclosure. The sheriff shall deduct the costs to the office of the
15 county sheriff of holding the judicial sale '[as in the manner of the
16 foreclosure of a mortgage]¹ or 'the' Internet auction, as
17 appropriate, 'which shall'¹ have been withheld by the sheriff from
18 those funds. '[All subsequent lienholders named in the foreclosure
19 shall have the right to file a motion in the Superior Court for any
20 surplus funds, in the order of their priority, not later than the first
21 day of the seventh month next following the issuance of the
22 sheriff's deed. The owner, or the owner's heirs, shall be entitled to
23 any remaining surplus, and shall be entitled to file a motion to the
24 court for the payment of the surplus. After five years from the date
25 of the judicial sale as in the manner of the foreclosure of a
26 mortgage, the clerk of the court shall pay any unclaimed monies to
27 the holder of the tax sale certificate. If the holder of the tax sale
28 certificate is unable to be located, the funds shall revert to the
29 municipality wherein the property is located, and shall be paid by
30 the clerk of the court to the chief financial officer of the
31 municipality.] The process set forth in this section shall be the
32 exclusive method through which the owner, or the owner's heirs,
33 may assert a claim to any surplus funds by motion to the Superior
34 Court.

35 Application for, and distribution of, surplus moneys held by the
36 clerk of the court shall be made in accordance with N.J.S.2A:50-37
37 and the applicable Rules of Court.

38 Notwithstanding the provisions of N.J.S.2A:50-64, interest shall
39 continue to accrue on the tax sale certificate pursuant to R.S.54:4-
40 67 through the date of actual payment.¹

41 As used in this section, "surplus funds" shall mean and include
42 any funds derived from the judicial sale as in the manner of the
43 foreclosure of a mortgage or 'the' Internet auction through the
44 office of the county sheriff of a property pursuant to this section,
45 after the holder of the tax sale certificate has been fully redeemed,
46 and paid moneys due and owing to the holder of the tax sale
47 certificate. The redemption amount shall also include any costs

1 charged by the sheriff to the holder of the tax sale certificate to
2 conduct the judicial sale as in the manner of the foreclosure of a
3 mortgage or the Internet auction.

4 c. In the event that any federal statute or regulation requires a
5 judicial sale as in the manner of the foreclosure of a mortgage of the
6 property in order to debar and foreclose a mortgage interest or any
7 other lien held by the United States or any agency or
8 instrumentality thereof, then the tax lien may be foreclosed in the
9 same manner as a mortgage, and the final judgment shall provide
10 for the issuance of a writ of execution to the sheriff of the county
11 wherein the property is situated and the holding of a judicial sale as
12 in the manner of the foreclosure of a mortgage.
13 (cf: P.L.2021, c.92, s.23)

14

15 ¹[3. Section 7 of P.L.1965, c.187 (C.54:5-97.1) is amended to
16 read as follows:

17 7. [No search fee, counsel fee or other fee related to certified
18 mailings shall be allowed a plaintiff other than a municipality in the
19 foreclosure of a tax lien unless, prior to the filing of the complaint,
20 the plaintiff shall have given] At least 30 [days' written notice to
21 the parties entitled to redeem whose interests appear of record at the
22 time of the tax sale,] days prior to the filing of a complaint, the
23 holder of a tax sale certificate shall send all parties having a right to
24 redeem a notice of intention to file a complaint. The notice to the
25 owner, or the owner's heirs, shall be addressed to the last known
26 address contained in the municipal records. The notice to any other
27 parties having a right to redeem shall be sent to the address
28 contained in any document recorded with the county clerk or
29 register. The notice shall be sent by certified mail with postage
30 prepaid thereon [, addressed to the last known address of such
31 persons, of intention to file such complaint]. The notice shall also
32 contain the amount [due on such] necessary to redeem the
33 outstanding tax [lien] sale certificate [as of the date of the notice].
34 The notice shall also advise the owner, or the owner's heirs, that the
35 owner, or the owner's heirs, shall have the right to request a judicial
36 sale as in the manner of the foreclosure of a mortgage or an Internet
37 auction of the property through the office of the county sheriff, to
38 preserve any equity that may be in the property. A copy of [such]
39 the notice shall also be filed with the municipal tax collector's
40 office. [Upon the filing and service of such notice, a plaintiff shall
41 be entitled to such fees and expenses.]

42 A municipality, by ordinance, may authorize the tax collector to
43 charge to a lienholder a fee not to exceed \$50 for the calculation of
44 the amount due to redeem the tax lien required to be provided
45 pursuant to this section. Any request for a redemption calculation
46 shall specify the date to be used for the calculation, which shall be
47 the date of the notice. Neither the tax collector or the municipality

1 shall be liable for an incorrect calculation. The fee paid to the
2 municipality shall not become part of the lien and shall not be
3 passed on to any party entitled to redeem pursuant to R.S.54:5-54.
4 (cf: P.L.2009, c.320, s.11)】¹

5
6 ^{14.} Section 7 of P.L.1965, c.187 (C.54:5-97.1) is amended to
7 read as follows:

8 7. No search fee, counsel fee or other fee related to certified
9 mailings shall be allowed a plaintiff other than a municipality in the
10 foreclosure of a tax lien unless, prior to the filing of the complaint,
11 the plaintiff shall have given at least 30 days' written notice to the
12 parties entitled to redeem whose interests appear of record at the
13 time of the tax sale【,】 . The notice shall be sent by certified mail
14 with postage prepaid thereon, addressed to the last known address
15 of such persons, 【of intention to file such complaint】 and the
16 owner's address based upon the last deed of record with the county
17 clerk. The notice shall also contain the amount 【due on such】
18 necessary to redeem the outstanding tax 【lien】 sale certificate as of
19 the date of the notice. The notice shall also advise the owner that
20 the owner, or the owner's heirs, shall have the right to request a
21 judicial sale as in the manner of the foreclosure of a mortgage or an
22 Internet auction of the property through the office of the county
23 sheriff, to preserve any equity that may be in the property, except if
24 the property meets the definition of abandoned property. A copy of
25 【such】 the notice shall also be filed with the municipal tax
26 collector's office. Upon the filing and service of such notice, a
27 plaintiff shall be entitled to such fees and expenses.

28 A municipality, by ordinance, may authorize the tax collector to
29 charge to a lienholder a fee not to exceed \$50 for the calculation of
30 the amount due to redeem the tax lien required to be provided
31 pursuant to this section. Any request for a redemption calculation
32 shall specify the date to be used for the calculation, which shall be
33 the date of the notice. Neither the tax collector or the municipality
34 shall be liable for an incorrect calculation. 【The fee paid to the
35 municipality shall not become part of the lien and shall not be
36 passed on to any party entitled to redeem pursuant to R.S.54:5-54.】¹
37 (cf: P.L.2009, c.320, s.11)

38
39 ^{15.} R.S.54:5-98 is amended to read as follows:

40 54:5-98. a. After the complaint has been filed redemption shall
41 be made in that cause only, provided notice of the suit has been
42 filed in the office of the tax collector. Such redemption shall be
43 subject to the fixing of attorney's fees and costs at any time during
44 the course of the action. In such proceedings the court may order
45 that the redemption shall be made to the tax collector of the
46 municipality at his official office during business hours, except in
47 cases where the tax collector is a part-time official with no regular

1 municipal office, in which case it may order that the redemption
2 shall be made to the clerk of the county in which the premises lie.

3 b. After the notice of intention to file a complaint has been
4 served pursuant to section 7 of P.L.1965, c.187 (C.54:5-97.1) but
5 before the foreclosure complaint is filed, the holder of the tax sale
6 certificate shall be reimbursed for the following expenses actually
7 incurred, which expenses shall be added to the amount required to
8 redeem the tax sale certificate and certified by the holder of the tax
9 sale certificate to the tax collector:

10 (1) a foreclosure or title search fee, not to exceed \$350;

11 (2) the postage and certified mailing costs for notices required
12 under section 7 of P.L.1965, c.187 (C.54:5-97.1);

13 (3) reasonable attorney's fees, not to exceed \$150; and

14 (4) any fees paid to a municipality for the calculation of the
15 amount due to redeem the tax lien.

16 c. If an action to foreclose the right of redemption has been
17 filed, the plaintiff or the holder of the tax sale certificate shall be
18 reimbursed the following amounts for each property to be
19 foreclosed, which amounts shall be added to the amount required to
20 redeem the tax sale certificate:

21 (1) attorney's fees in the amount of \$2,500, which amount shall
22 be deemed reasonable for both the preparation and the filing of the
23 action to foreclose the right to redeem the tax sale certificate;

24 (2) in exceptional circumstances or in the event of litigation or
25 bankruptcy, any additional reasonable attorney's fees that are
26 incurred and specifically requested by the plaintiff or holder of a tax
27 sale certificate and approved by the court, on a case-by-case basis,
28 through the date on which any litigation has finally concluded; and

29 (3) the following reasonable expenses, provided that the counsel
30 of the plaintiff or the holder of a tax sale certificate provides a
31 signed affidavit attesting that such expenses actually were incurred
32 by the plaintiff or the tax sale certificate holder:

33 (a) all filing fees charged by the court;

34 (b) all reasonable service of process fees, or fees for service of
35 any pleadings require by the Rules of Court or by the court,
36 including fees for attempting to serve process;

37 (c) all reasonable fees incurred for skip traces, registered agent
38 searches, and other reasonable fees incurred to locate any party for
39 service of process;

40 (d) a title or foreclosure search fee not to exceed \$350, except in
41 circumstances of an exceptionally complicated title, an application
42 may be made to the court to increase the title or foreclosure search
43 fee;

44 (e) if a second, updated title or foreclosure search is conducted,
45 an update search fee not to exceed \$100;

46 (f) publication fees charged by a newspaper of general
47 circulation in the county in which the property is located or
48 otherwise required by the Rules of Court or order of the court;

- 1 (g) posting fees;
2 (h) estate search costs;
3 (i) postage, certified mail, and photocopying expenses;
4 (j) actual cost to record and discharge notice of lis pendens and
5 in rem complaint;
6 (k) all sheriff's office fees, including, but not limited to,
7 commission or expense for scheduling a sheriff's sale of the
8 property;
9 (l) abandoned property certification reports not to exceed \$350;
10 (m) any fees paid to a municipality for the calculation of the
11 amount due to redeem the tax lien;
12 (n) in exceptional circumstances or in the event of litigation or
13 bankruptcy, any additional reasonable expenses that are incurred
14 and specifically requested by the plaintiff or holder of a tax sale
15 certificate and approved by a court, on a case-by-case basis through
16 the date on which any litigation is concluded; and
17 (o) any other reasonable expenses incurred by the plaintiff or the
18 holder of the tax sale certificate in locating and effectuating service
19 on any party named as a defendant in the complaint.¹
20 (cf: P.L.1965, c.187, s.8)

21
22 ¹**[4.] 6.**¹ (New section) a. ¹**[The]** In actions commenced
23 pursuant to subsection a. of R.S.54:5-86, the¹ holder of the tax sale
24 certificate shall provide to the owner of the property, in writing,
25 with the summons and complaint for foreclosure, information
26 prominently displayed in bold face type that states that the owner of
27 the property being foreclosed has the right to demand, in writing ¹to
28 the Superior Court before the date that the final judgment is
29 entered¹, that the foreclosure proceed to a judicial sale as in the
30 manner of the foreclosure of a mortgage or an Internet auction of
31 the property, through the office of the county sheriff.

32 ¹**[If the holder of the tax sale certificate has complied with this**
33 **subsection and the provisions of section 7 of P.L.1965, c.187**
34 **(C.54:5-97.1), that person shall be entitled to recover all reasonable**
35 **attorney's fees and costs of foreclosure, including all costs**
36 **associated with the judicial sale as in the manner of the foreclosure**
37 **of a mortgage.]**¹ In the event that all costs and reasonable
38 attorney's fees are not recovered through the judicial sale as in the
39 manner of the foreclosure of a mortgage or the Internet auction
40 through the office of the county sheriff, the holder of the tax sale
41 certificate shall have a first lien paramount to any other lien on any
42 surplus funds and shall be entitled to apply to the Superior Court to
43 recover any unpaid costs or attorney's fees. ¹The attorney shall be
44 required to record a Statewide judgment lien for the outstanding
45 attorney's fees.¹

46 b. In the event that the owner, or the owner's heirs, has
47 demanded a judicial sale as in the manner of the foreclosure of a
48 mortgage or an Internet auction through the office of the county

1 sheriff, the holder of the tax sale certificate, whether a municipality
 2 or third party investor, shall be entitled to a first lien on any surplus
 3 funds that are deposited in the Superior Court by the sheriff, in the
 4 amount of 10 percent of the surplus funds, to cover administrative
 5 costs related to the foreclosure action, not to exceed \$5,000.

6 c. As used in this section, "surplus funds" shall have the same
 7 meaning as set forth in R.S.54:5-87.

8
 9 ¹~~5.~~ ¹7. (New section) ¹~~The~~ In actions commenced by a
 10 municipality pursuant to subsection a. of R.S.54:5-86, the¹ notice of
 11 foreclosure required to be served on the owner and published in the
 12 newspaper shall conspicuously state in boldface type that the owner
 13 and the owner's heirs shall have the right to demand a judicial sale
 14 as in the manner of the foreclosure of a mortgage, or an Internet
 15 auction through the office of the county sheriff, of the property
 16 subject to the tax lien foreclosure to preserve any equity that they
 17 may have in the property.

18 The notice shall state that the owner, or the owner's heirs, has
 19 ¹~~45 days from the date of service of the foreclosure complaint~~
 20 until the date of entry of a final judgment¹ to file the written request
 21 ¹~~with the Superior Court~~¹ for a judicial sale as in the manner of the
 22 foreclosure of a mortgage or an Internet auction through the office
 23 of the county sheriff with the Superior Court.

24
 25 ¹~~6.~~ ¹8. Section 31 of P.L.1948, c.96 (C.54:5-104.59) is
 26 amended to read as follows:

27 31. a. ¹~~All~~ In an action commenced by a municipality, all¹
 28 costs and reasonable attorney fees ¹, as determined by order of the
 29 court,¹ incurred in ~~the~~ an in rem foreclosure action shall be
 30 equitably apportioned and allocated to the several ~~parcels of land~~
 31 affected by the action ~~schedules of the complaint,~~ and added to the
 32 amount required to redeem.

33 b. For the purposes of this section, "all costs and reasonable
 34 attorney fees" includes all costs incurred ~~for a standard title~~
 35 search ~~with respect to the in rem foreclosure proceeding~~ and all
 36 reasonable attorney fees incurred in the action, including any¹~~,~~¹
 37 and all¹~~,~~¹ costs incurred for a judicial sale as in the manner of the
 38 foreclosure of a mortgage¹~~,~~¹ or an Internet auction through the
 39 office of the county sheriff¹~~,~~¹ of the property subject to the in
 40 rem foreclosure¹, which amounts shall be determined by the court
 41 and shall fully compensate the holder of the tax sale certificate for
 42 all such reasonable incurred expenses¹.

43 In the event that the holder of the tax sale certificate shall have
 44 incurred any costs or attorney's fees in the judicial sale ¹~~as in the~~
 45 manner of the foreclosure of a mortgage¹ ~~or~~ ¹~~the~~ Internet auction
 46 ¹~~through the office of the county sheriff~~¹ that were not

1 reimbursed in the redemption monies received from the sheriff, the
2 holder of the tax sale certificate shall have a first lien on any
3 surplus funds for reimbursement of those costs and reasonable
4 attorney's fees. As used in this section, "surplus funds" shall have
5 the same meaning as set forth in R.S.54:5-87.

6 ¹c. In the event that a complaint is filed by a municipality that
7 contains not more than one tax sale certificate, the municipality
8 shall be entitled to the reimbursement of attorney's fees and costs
9 pursuant to R.S.54:5-98.

10 d. In the event that a complaint is filed by the holder of a tax
11 sale certificate for an abandoned property pursuant to subsection b.
12 of R.S.54:5-86, the holder shall be entitled to the reimbursement of
13 attorney's fees and costs pursuant to R.S.54:5-98.¹

14 (cf: P.L.1993, c.278, s.1)

15
16 ¹**[7.]** 9.¹ Section 36 of P.L.1948, c.96 (C.54:5-104.64) is
17 amended to read as follows:

18 36. (a) ¹**[The]** In an action commenced by any person or a
19 municipality holding a tax sale certificate for an abandoned
20 property pursuant to subsection b. of R.S.54:5-86, the¹ judgment
21 shall give full and complete relief, in accordance with the
22 provisions of **[this act]** P.L.1948, c.96 (C.54:5-104.29 et seq.), and
23 in accordance with any other statutory authority, to bar the right of
24 redemption, ¹to bar claims to surplus equity,¹ and to foreclose all
25 prior or subsequent alienations and descents of the lands and
26 encumbrances thereon, and to adjudge an absolute and indefeasible
27 estate of inheritance in fee simple in the lands therein described, to
28 be vested in the plaintiff ¹, except as set forth in subsection d. of
29 this section¹.

30 (b) Such judgment shall be binding and final upon all persons
31 having a vested or contingent title or interest in or lien or claim
32 upon or against said lands, including the State of New Jersey, and
33 any agency and political subdivision thereof, and their heirs,
34 devisees and personal representatives, and their, or any of their
35 heirs, devisees, executors, administrators, grantees, assigns or
36 successors in right, title or interest, notwithstanding any infancy or
37 incompetency of such person or persons, and upon all other persons,
38 their heirs, devisees and personal representatives and their or any of
39 their heirs, devisees, executors, administrators, grantees, assigns or
40 successors in right, title or interest.

41 ¹**[In order to preserve any equity that may exist in the property**
42 being foreclosed, the owner, or the owner's heirs, shall have the
43 right to demand, by written request to the Superior Court, no later
44 than 45 days after being served with the foreclosure complaint, or
45 the publication of the notice concerning the foreclosure, whichever
46 is later, that the holder of the tax sale certificate be foreclosed with
47 a judicial sale as in the manner of the foreclosure of a mortgage of

1 the property through the office of the county sheriff, or, in the
2 alternative, an Internet auction of the property through the office of
3 the county sheriff. If there is more than one schedule in the in rem
4 foreclosure complaint and a request is made for a judicial sale as in
5 the manner of the foreclosure of a mortgage, or an Internet auction
6 through the office of the county sheriff, the schedule shall be
7 severed and the final judgment shall provide for a writ of execution
8 to the sheriff of the county where the property is located and the
9 holding of either a judicial sale as in the manner of the foreclosure
10 of a mortgage or an Internet auction, as appropriate.

11 In the event that the owner or the owner's heirs do not demand a
12 judicial sale as in the manner of the foreclosure of a mortgage, or an
13 Internet auction through the office of the county sheriff, the holder
14 of the tax sale certificate may proceed in rem without a judicial sale
15 as in the manner of the foreclosure of a mortgage, or an Internet
16 auction through the office of the county sheriff, and the owner or
17 his heirs shall have no claim against the holder of the tax sale
18 certificate for any loss of equity in the property. The amount
19 received at a judicial sale as in the manner of the foreclosure of a
20 mortgage, or an Internet auction through the office of the county
21 sheriff, shall be conclusively presumed to be the fair market value
22 of the property. In the event that no one bids at the judicial sale as
23 in the manner of the foreclosure of a mortgage or the Internet
24 auction through the office of the county sheriff above the amount to
25 redeem or there is no bidding at all, it shall be conclusively
26 presumed that there is no equity in the property.

27 The sheriff of the county shall deposit with the clerk of the
28 Superior Court any surplus funds derived from the judicial sale as
29 in the manner of the foreclosure of a mortgage or the Internet
30 auction, after all of the costs to the office of the county sheriff of
31 holding the judicial sale as in the manner of the foreclosure of a
32 mortgage or the Internet auction, have been withheld by the sheriff
33 from those funds of the sale, after paying the amount of the
34 judgment plus any costs to the holder of the tax sale certificate. All
35 subsequent lienholders named in the foreclosure shall have the right
36 to apply to the Superior Court, in writing, for payment of their lien
37 in the order of their priority. All subsequent lienholders named in
38 the foreclosure shall have the right to apply to the Superior court for
39 any surplus funds, in the order of their priority, not later than the
40 first day of the seventh month next following the issuance of the
41 sheriff's deed. The owner, or the owner's heirs, shall be entitled to
42 any remaining surplus funds and shall be entitled to make written
43 application to the court for the payment of the surplus. After five
44 years from the date of the judicial sale as in the manner of the
45 foreclosure of a mortgage, the clerk of the court shall make
46 payment of any unclaimed monies to the holder of the tax sale
47 certificate. If the holder of the tax sale certificate is unable to be
48 located, the funds shall revert to the municipality wherein the

1 property is located, and shall be paid by the clerk of the court to the
2 chief financial officer of the municipality.

3 As used in this subsection, “surplus funds” shall have the same
4 meaning as set forth in R.S.54:5-87.】 An action brought by the
5 holder of a tax sale certificate for an abandoned property shall not
6 require a judicial sale as in the manner of the foreclosure of a
7 mortgage or an Internet auction through the office of the county
8 sheriff.¹

9 (c) In the event that any federal statute or regulation requires a
10 judicial sale as in the manner of the foreclosure of a mortgage of the
11 property in order to debar and foreclose a mortgage interest or any
12 other lien held by the United States or any agency or
13 instrumentality thereof, then the tax lien may be foreclosed in the
14 same manner as a mortgage, and the final judgment shall provide
15 for the issuance of a writ of execution to the sheriff of the county
16 wherein the property is situated and the holding of a judicial sale as
17 in the manner of the foreclosure of a mortgage.

18 ¹(d) In an action brought by a municipality, in order to preserve
19 any equity that may exist in the property being foreclosed, the
20 owner, or the owner’s heirs, shall have the right to demand, by
21 written request to the Superior Court before the date that final
22 judgment is entered, that the municipal tax sale certificate be
23 foreclosed with a judicial sale as in the manner of the foreclosure of
24 a mortgage of the property through the office of the county sheriff,
25 or, in the alternative, an Internet auction of the property through the
26 office of the county sheriff. If there is more than one schedule in
27 the in rem foreclosure complaint and a request is made for a judicial
28 sale or an Internet auction, the schedule shall be severed and the
29 final judgment shall provide for a writ of execution to the sheriff of
30 the county where the property is located and the holding of either a
31 judicial sale or an Internet auction, as appropriate.

32 In the event that the owner or the owner’s heirs do not demand a
33 judicial sale as in the manner of the foreclosure of a mortgage, or an
34 Internet auction through the office of the county sheriff, the
35 municipality may proceed in rem without a judicial sale or an
36 Internet auction, and the owner or his heirs shall have no claim
37 against the municipality for any loss of equity in the property. The
38 amount received at a judicial sale or an Internet auction shall be
39 conclusively presumed to be the fair market value of the property.
40 In the event that no one bids at the judicial sale or the Internet
41 auction above the amount to redeem, or there is no bidding at all, it
42 shall be conclusively presumed that there is no equity in the
43 property.

44 The sheriff of the county shall deposit with the clerk of the
45 Superior Court any surplus funds derived from the judicial sale or
46 the Internet auction, after all of the costs to the office of the county
47 sheriff for holding the judicial sale or the Internet auction have been

1 withheld by the sheriff from those funds of the sale, after paying the
2 amount of the judgment plus any costs to the municipality.

3 Application for and distribution of surplus moneys held by the
4 clerk of court shall be made in accordance with N.J.S.2A:50-37 and
5 the applicable Rules of Court.

6 As used in this subsection, “surplus funds” shall have the same
7 meaning as set forth in R.S.54:5-87.¹

8
9 ¹**[8.] 10.**¹ (New section) ¹**[With]** Except for actions involving
10 a property that meets the definition of abandoned property pursuant
11 to P.L.2003, c.210 (C.55:19-78 et al.), with¹ respect to any ¹in rem
12 or in personam¹ property tax lien foreclosure ¹**[actions]** action filed
13 by a municipality or third party¹ pending on the date of enactment
14 of the amendatory and supplementary provisions of P.L. ,
15 c. (C.) (pending before the Legislature as this bill), a
16 property owner shall be ¹**[personally]**¹ served ¹**[in writing]** by
17 regular and certified mail¹ with a notice of their right to demand a
18 judicial sale as in the manner of the foreclosure of a mortgage, or an
19 Internet auction by the office of the county sheriff, and shall have
20 ¹**[45 days after such service]** until the date before the final
21 judgment is entered¹ to notify the ¹**[court]** Superior Court¹ of their
22 demand for a judicial sale as in the manner of the foreclosure of a
23 mortgage or an Internet auction by the office of the county sheriff.
24 If the property owner ¹or the owner’s heir¹ demands a judicial sale
25 as in the manner of the foreclosure of a mortgage, or an Internet
26 auction by the office of the county sheriff, in a timely manner, the
27 ¹**[foreclosure complaint shall be amended by the tax lien holder to**
28 require such a sale or auction] Superior Court shall order the entry
29 of a final judgment and writ of execution directing that the property
30 be sold at a judicial sale¹. If no timely demand is made for a
31 judicial sale as in the manner of the foreclosure of a mortgage or an
32 ¹**[internet]** Internet¹ auction by the office of the county sheriff, the
33 foreclosure action shall proceed without a judicial sale ¹**[as in the**
34 manner of the foreclosure of a mortgage]¹ or an Internet auction
35 through the office of the county sheriff.

36
37 ¹**[9.] 11.**¹ This act shall take effect immediately, and shall apply
38 to any ¹**[property tax lien foreclosure complaint filed on or after**
39 **May 25, 2023]** tax lien for which the right of redemption has not
40 been foreclosed as of the effective date of this act¹. This act shall
41 have no effect on any foreclosure action in which a final judgment
42 has been entered prior to the effective date of this act.