

SENATE, No. 4152

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED FEBRUARY 25, 2025

Sponsored by:

Senator JAMES W. HOLZAPFEL

District 10 (Monmouth and Ocean)

SYNOPSIS

Prohibits certain financial institutions from requiring certain disabled veterans to include anticipated property tax obligations as part of mortgage applications.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning residential mortgage application requirements,
2 supplementing Title 17 of the Revised Statutes, and amending
3 P.L.1948, c.259.

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

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8 1. (New section) a. As used in this section:

9 “Disabled veterans’ property tax exemption” means the
10 exemption authorized pursuant to P.L.1948, c.259 (C.54:4-3.30 et
11 seq.) or section 2 of P.L.2021, c.75 (C.54:4-3.30a).

12 “Qualified veteran” means a veteran who has been declared by
13 the United States Department of Veterans' Affairs, or its successor,
14 to have a 100 percent service-connected disability.

15 “Surviving spouse” means the surviving spouse of a qualified
16 veteran.

17 b. (1) A qualified veteran or surviving spouse who seeks a
18 mortgage loan from a State-chartered bank, mortgage company, or
19 credit union for a dwelling house that is to be occupied as the
20 person’s principal residence shall not be required by that bank,
21 mortgage company, or credit union, as part of the underwriting
22 requirements for that mortgage, to indicate or disclose the annual
23 property tax obligation on that dwelling house, provided that the
24 assessor of the municipality in which the property is located
25 certifies to the State-chartered bank, mortgage company, or credit
26 union on a form promulgated for this purpose by the Commissioner
27 of Banking and Insurance that the qualified veteran or surviving
28 spouse currently satisfies all eligibility requirements for the
29 disabled veterans’ property tax exemption, other than ownership of
30 the property.

31 (2) A qualified veteran or surviving spouse who seeks a
32 mortgage to refinance an existing mortgage on a dwelling house
33 that is the person’s current principal residence shall not be required
34 by that bank, mortgage company, or credit union as part of the
35 underwriting requirements for that mortgage, to indicate or disclose
36 the annual property tax obligations on that dwelling house, provided
37 that the assessor of the municipality in which the dwelling house is
38 located certifies to the State-chartered bank, mortgage company, or
39 credit union on a form promulgated for this purpose by the
40 Commissioner of Banking and Insurance that the qualified veteran
41 or surviving spouse currently satisfies all eligibility requirements
42 for the disabled veterans’ property tax exemption, including
43 ownership of the property.

44 c. If, on the date that the qualified veteran or surviving spouse
45 applies for a mortgage on a dwelling house, the qualified veteran or
46 surviving spouse owns and occupies another dwelling house in the

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.

1 State as their principal residence, the mortgage shall not be
2 approved until the qualified veteran or surviving spouse has:

3 (1) provided evidence to the State-chartered bank, mortgage
4 company or credit union that the current dwelling house has been
5 sold or transferred or is under contract for sale or transfer; or

6 (2) notified the assessor of the municipality in which the current
7 dwelling house is located that the qualified veteran or surviving
8 spouse will no longer be occupying the dwelling house as their legal
9 residence.

10

11 2. Section 2 of P.L.1948, c.259 (C.54:4-3.31) is amended to read
12 as follows:

13 2. a. All exemptions from taxation under P.L.1948, c.259
14 (C.54:4-3.30 et seq.) shall be allowed by the assessor upon the
15 filing with him of a claim in writing under oath, made by or on
16 behalf of the person claiming the same, showing the right to the
17 exemption, briefly describing the property for which exemption is
18 claimed and having annexed thereto a certificate of the claimant's
19 honorable discharge or release under honorable circumstances, from
20 active service in any branch of the Armed Forces of the United
21 States and a certificate from the United States Department of
22 Veterans' Affairs or its successor, certifying to a service-connected
23 disability of such claimant of the character described in section 1 of
24 P.L.1948, c.259 (C.54:4-3.30). In the case of a claim by a surviving
25 spouse of such veteran, the claimant shall establish in writing under
26 oath that the claimant is the owner of the legal title to the premises
27 on which exemption is claimed; that the claimant occupies the
28 dwelling house on said premises as the claimant's legal residence in
29 this State; that the veteran shall have been declared, either during
30 the veteran's lifetime or after the veteran's death, by the United
31 States Department of Veterans' Affairs to have or to have had a
32 service-connected disability of a character described in this act, or,
33 in the case of a claim for an exemption under subsection c. of
34 section 1 of P.L.1948, c.259 (C.54:4-3.30), that the veteran shall
35 have been declared to have died in active service; that the veteran
36 was entitled to an exemption provided for in this act, except for an
37 exemption under paragraph (2) of subsection b. and subsection c. of
38 section 1 hereof, at the time of death; and that the claimant is a
39 resident of this State and has not remarried. Such exemptions shall
40 be allowed and prorated by the assessor for the remainder of any
41 taxable year from the date the claimant shall have acquired title to
42 the real property intended to be exempt by this act. Where a portion
43 of a multiple-family building or structure occupied by the claimant
44 is the subject of such exemption, the assessor shall aggregate the
45 assessment on the lot or curtilage and building or structure and
46 allow an exemption of that percentage of the aggregate assessment
47 as the value of the portion of the building or structure occupied by
48 the claimant bears to the value of the entire building or structure.

1 b. (1) A veteran or surviving spouse who has applied for a
2 mortgage pursuant to the provisions of section 1 of P.L. _____,
3 c. _____ (C. _____) (pending before the Legislature as this bill) shall
4 submit a preliminary application for a property tax exemption on
5 the dwelling house, on a form promulgated for this purpose by the
6 Commissioner of Banking and Insurance. At a minimum, the
7 preliminary application shall include the name and contact
8 information for each State-chartered bank, mortgage company, or
9 credit union from which the veteran or surviving spouse seeks a
10 mortgage, as well as all of the documentation required in subsection
11 a. of this section.

12 (2) In the case of an application for a mortgage related to a
13 dwelling house in which the veteran or surviving spouse does not
14 currently reside, the assessor shall certify whether the veteran or
15 surviving spouse meets all of the eligibility requirements for the
16 property tax exemption, except for the ownership of the property.
17 In the case of an application for a mortgage related to a dwelling
18 house in which the veteran or surviving spouse currently resides,
19 the assessor shall certify whether the veteran or surviving spouse
20 meets all of the eligibility requirements for the property tax
21 exemption, including the ownership of the property.

22 (3) After the assessor has made a determination pursuant to
23 paragraph (2) of this subsection, the assessor shall transmit a copy
24 of the certification to each State-chartered bank, mortgage
25 company, or credit union indicated on the veteran or surviving
26 spouse's preliminary application.

27 (4) Once the veteran or surviving spouse has acquired the
28 subject property, the person shall formally apply to the assessor
29 pursuant to subsection a. of this section in order to obtain the
30 property tax exemption. The determination made for the
31 preliminary application shall not be binding on the final application.
32 (cf: P.L.2019, c.413, s.2)

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34 3. (New section) The Commissioner of Banking and Insurance
35 shall identify and publish on the department's Internet website all of
36 the State-chartered banks, mortgage companies, and credit unions
37 doing business in the State in order to assist qualified veterans in
38 finding a financial institution with which to apply for a mortgage in
39 accordance with the provisions of this act.

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41 4. (New section) The Commissioner of Banking and Insurance
42 shall promulgate such rules, regulations, and forms as may be
43 necessary to effectuate the provisions of this act pursuant to the
44 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
45 seq.), not later than the first day of the seventh month next
46 following its enactment.

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48 5. This act shall take effect on the first day of the seventh month
49 next following enactment, except that the Commissioner of Banking

1 and Insurance shall take such anticipatory actions in advance
2 thereof as may be necessary to implement the provisions of this act.

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STATEMENT

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7 This bill prohibits certain financial institutions from requiring
8 certain disabled veterans to include anticipated property tax
9 obligations as part of a mortgage applications.

10 Under current law, a veteran who has been declared by the
11 United States Department of Veterans' Affairs to have a 100 percent
12 service-connected disability, and meets all of the requirements for a
13 veterans' property tax exemption, may apply to the municipality in
14 which their principal residence is located for a property tax
15 exemption. The surviving spouse of such a veteran is also entitled
16 to the property tax exemption for the duration of their widowhood
17 or widowerhood, provided that certain eligibility criteria are met.

18 Currently, when a person, including a disabled veteran or their
19 surviving spouse, seeks a mortgage to purchase a home, banks,
20 mortgage companies, and credit unions generally require that the
21 person qualify for the mortgage based on the calculated monthly
22 mortgage payment for the mortgage loan, plus the monthly share of
23 the annual property tax bill. Although these persons may qualify
24 for a total property tax exemption after purchasing the property, the
25 inclusion of property tax obligations in the mortgage application
26 can make it significantly more difficult for these persons to obtain a
27 mortgage, as well as increase the interest rates that may be
28 approved for these mortgage applicants.

29 Under the bill, when a qualified veteran who has been declared
30 by the United States Department of Veterans' Affairs to have a 100
31 percent service-connected disability, or their surviving spouse,
32 seeks a mortgage loan from a State-chartered bank, mortgage
33 company, or credit union for a dwelling house that is to be the
34 person's principal residence, the bank, mortgage company, or credit
35 union may not require the person to indicate or disclose the annual
36 property tax obligation on that dwelling house as part of the
37 underwriting requirements for the mortgage loan, provided that the
38 assessor of the municipality in which the property is located
39 determines that the veteran or surviving spouse satisfies all of the
40 eligibility requirements for the disabled veterans' property tax
41 exemption, other than the ownership of the property, and certifies
42 the same to the State-chartered bank, mortgage company, or credit
43 union on a form promulgated for this purpose by the Commissioner
44 of Banking and Insurance. In the case of a mortgage refinance
45 application, the qualified veteran or surviving spouse would be
46 required to meet all of the eligibility requirements for the disabled
47 veterans' property tax exemption, including ownership of the
48 property.