

SENATE, No. 4970

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED DECEMBER 8, 2025

Sponsored by:

Senator JOSEPH A. LAGANA

District 38 (Bergen)

SYNOPSIS

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

CURRENT VERSION OF TEXT

As introduced.



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

3

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

6

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

9 28. An instrument evidencing a secondary mortgage loan shall:

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

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

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

32 "NOTICE TO BORROWER

33 Read this promissory note or loan agreement before you sign.

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

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

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

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

43

44 2. This act shall take effect immediately.

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 STATEMENT

2

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