SENATE, No. 4884

STATE OF NEW JERSEY

222nd LEGISLATURE

INTRODUCED NOVEMBER 23, 2026

Sponsored by:
Senator LINDA R. GREENSTEIN
District 14 (Mercer and Middlesex)

SYNOPSIS

Establishes certain protections against deed theft.

CURRENT VERSION OF TEXT

As introduced.

AN ACT concerning deed theft, amending N.J.S.2A:15-6, and supplementing Title 46 of the Revised Statutes.

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

1. (New section) a. (1) A federal, State, or local government entity may move for a stay of any proceeding to recover possession of or quiet title to real property relating to a residential dwelling unit or property, based on a pending good faith investigation into the theft or fraud in the title to, or the financing of, the premises that is the subject of the proceeding. Upon the agency's showing of the pendency of a good faith investigation, the court shall issue a stay of the proceeding, including staying execution of a warrant of eviction or enforcement of a judgment so long as the investigation is ongoing.

(2) Every six months, the court shall schedule a status conference with the government agency and any other parties to the action to review any stay and to determine if the investigation is still continuing in good faith and shall continue the stay of the proceeding until the government investigation is closed. A court may, in its discretion, review any supporting documents filed by the government entity in camera and to be filed under seal if deemed necessary by the government entity.

b. The court shall stay all proceedings:

(1) to recover possession of or quiet title to real property relating to a residential dwelling unit or property, where a criminal complaint is filed against a party to the proceeding for deed theft, larceny, offering a false document for filing, criminal possession of stolen property or any other law asserting theft or fraud in obtaining title to property and the criminal complaint relates to the premises that is the subject of the proceeding. The stay shall remain in effect until resolution of the criminal action;

(2) to recover possession of or quiet title to real property relating to a residential dwelling unit or property, where a federal, state or local government entity has commenced a civil action or proceeding relating to the theft or fraud in the title to, or the financing of, the premises that is the subject of the proceeding; and

(3) relating to any landlord-tenant action before the Superior Court of New Jersey, Law Division, Special Civil Part, or before the Superior Court of New Jersey, Law Division, if the action was removed to the Law Division pursuant to N.J.S.2A:18-60 for 90 days to allow a party to file a complaint in the appropriate forum when the court makes a determination that there is a bona fide

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 <u>thus</u> is new matter.

dispute between parties purporting to own the property that is the subject of the proceeding.

c. A rebuttable presumption that a bona fide dispute to title exists shall be created when the party disputing petitioner's title, owns or owned the property that is the subject of the court proceeding during the last three years, or is a person interested in the property.

d. A party may seek an additional stay of the proceeding beyond the initial 90 day stay by the court if the party was unable to file a complaint or seek a stay from another forum. In extending the stay, the court shall consider, without limitation, the totality of the circumstances including steps the parties have taken to resolve the dispute, the harm to the parties of a further stay, and the ability of the parties to advocate for themselves or retain counsel.

e. This section shall not apply to any proceeding commenced against a person in possession who has entered the property or remains in possession by force or unlawful means and the person or the person's predecessor in interest was not in quiet possession for three years before the time of the forcible or unlawful entry or detainer and the petitioner was peaceably in actual possession at the time of the forcible or unlawful entry or in constructive possession at the time of the forcible or unlawful detainer.

f. Nothing in this section shall diminish the court's own discretion to further stay a proceeding in the interests of justice.

g. Nothing in this section shall limit a party from seeking relief, including a stay of a proceeding, in another court.

h. For the purposes of this section, a proceeding to recover possession of or quiet title to real property shall include an ejectment action or a writ of possession, a foreclosure action, an action to enforce a mortgage note, or any other action affecting title to or encumbrance upon real property, or any other judicial or administrative proceeding to recover possession of or quiet title to real property.

i. As used in this section:

"Party" means a corporation, limited liability company, partnership or other entity:

(1) where a criminal complaint has been filed against an individual who has a financial or controlling interest in the entity that holds title to the property; or

(2) where a criminal complaint has been filed against a seller of the property, including an individual or corporation, limited liability company, partnership or other entity, or where a criminal complaint has been filed against an individual who has a financial or controlling interest in the entity that sold the property.

"Person interested in the property" shall mean a person entitled or allegedly entitled to share as beneficiary in the estate concerning the premises that is the subject of the proceeding, or trustee in bankruptcy, or the receiver of such a person.

2. (New section) a. Where a person has been convicted of a criminal offense in connection with a deed theft or fraudulent transaction involving real property, the conviction shall create a rebuttable presumption that the deed transfer was fraudulent.

b. This section shall also apply where a grantee of a fraudulent deed is an entity that is beneficially owned by the convicted person. A defendant may produce proof to establish by a preponderance of the evidence that the deed was not procured through fraud.

c. As used in this section, "person" means an individual, proprietorship, partnership, corporation, association, or other legal entity.

3. (New section) P.L. , c. (C.) (pending before the Legislature as this bill) shall not in any manner affect or impair the title of a purchaser or encumbrancer for a valuable consideration, unless it appears that the purchaser or encumbrancer had previous notice, whether actual or constructive, of the fraudulent intent of the immediate grantor, or of the fraud rendering void the title of that grantor. There shall be a rebuttable presumption that a purchaser or encumbrancer had notice of fraud or fraudulent intent in the case of a transfer of mortgaged real property, between a purchaser and seller who are not associated parties, that is not accompanied by the recording with the county recoding officer of the county or with the commissioner of deeds in which the property is located, of a statement, executed by the mortgagee, and duly acknowledged, stating, substantially, that:

a. a party is assuming the seller's indebtedness secured by the mortgage; or

b. the indebtedness secured by the mortgage has been satisfied.

As used in this section, "associated parties" means spouses, ex-spouses, parents and children, siblings, a homeowner and that homeowner's family trust, or a homeowner and that homeowner's wholly-owned limited liability company.

4. (New section) a. When a defendant has been convicted after a trial or pled guilty to any crime that affects the title to, encumbrance of, or possession of, real property and where there is an instrument that is material to the encumbrance, transfer, or purchase of the real property, the Attorney General or any law enforcement agency may file a motion in Superior Court in the county where the property that is the subject of the instrument is located or the prosecution occurred, on behalf of the victim to void the instrument. A motion pursuant to this section shall be in writing and state the county, block, lot, and street address of the property and include a description of the property, and a copy of the judgment of conviction.

b. Within 10 days after filing a motion pursuant to this section, the agency filing the motion shall record a copy of the notice of the

motion in the office of the county recording officer of the county in which the property is situated.

c. The Superior Court shall conduct a hearing and make findings of essential to the determination whether to declare the instrument void. There will be a rebuttable presumption that where a party is convicted after a trial or a guilty plea to any crime that affects the title to, encumbrance of, or possession of, real property and where there is an instrument that encumbers or is material to the transfer or sale of real property, that the instrument is void.

d. Upon the defendant's conviction or guilty plea, and after conducting a hearing pursuant to this section, a court shall make a determination, and if appropriate, shall order that the instrument be declared void or grant other appropriate relief to the victim. The order of the court shall describe the nature of the false statement or false information contained in the instrument. A copy of the instrument shall be attached to the order of the court.

e. If the order relates to an instrument that has been filed with, registered, or recorded in a public office, a certified copy of the order shall be recorded in the office of the county recording officer of the county in which the property is situated.

f. As used in this section, "all persons who have an interest in the property affected by such instrument" means all parties who have recorded an instrument affecting the real property that is the subject of the instrument described in this section, any last record owner and anyone in residence during the pendency of the prosecution and any party with a lien against the property that is unsatisfied, or any other party that may claim to have liens or an interest in the property, and any current residents of the property, as of the date of the filing of the criminal information or indictment.

g. Nothing in this section shall be deemed to inhibit or prevent relief otherwise provided by law, or a party's right to appeal an order issued pursuant to this section.

5. N.J.S.2A:15-6 is amended to read as follows:

2A:15-6. <u>a.</u> In every action, instituted in any court of this State having civil jurisdiction or in the United States District Court for the District of New Jersey, the object of which is to enforce a lien upon real estate or to affect the title to real estate or a lien or encumbrance thereon, plaintiff or his attorney shall, after the filing of the complaint, file in the office of the county clerk or register of deeds and mortgages, as the case may be, of the county in which the affected real estate is situate, a written notice of the pendency of the action, which shall set forth the title and the general object thereof, with a description of the affected real estate. <u>The pendency of an action pursuant to this subsection is constructive notice, from the time of filing of the notice, to a purchaser from, or encumbrancer against, any defendant named in a notice of pendency indexed in a block index against a block in which property affected is situated or</u>

any defendant against whose name a notice of pendency is indexed. A person whose conveyance or encumbrance is recorded after the filing of the notice is bound by all proceedings taken in the action after the filing to the same extent as a party.

b. No notice of lis pendens shall be filed under this article in an action to recover a judgment for money or damages only.

c. Notwithstanding any provision of subsection a. of this section to the contrary, a notice of pendency may be filed by a district attorney or the Attorney General upon a determination after investigation that there is probable cause that a crime has occurred that affects the title to, encumbrance of, or possession of real property, in the county where the real property is located. A notice of pendency filed pursuant to this subsection shall remain in effect for a period of six months but may be renewed twice.

d. Notwithstanding any provision of subsection a. of this section to the contrary, a notice of pendency may be filed by a district attorney or the Attorney General upon the filing of a criminal complaint or indictment that allege charges affecting the title to, encumbrance of or possession of real property, in the county where the real property is located. A notice of pendency filed pursuant to this subsection will remain in effect until the prosecution of a criminal case is either dismissed, or otherwise disposed of at sentencing.

(cf: P.L.1993, c.318, s.39)

6. This act shall take effect on the first day of the seventh month next following the date of enactment.

STATEMENT

This bill implements certain protections against deed theft. First, the bill provides that a federal, State, or local government entity may move for a stay of any proceeding to recover possession of or quiet title to real property relating to a residential dwelling unit or property, if there is a pending good faith investigation into the theft or fraud in the title to, or the financing of, the premises that is the subject of the proceeding. Upon the agency's showing of the pendency of a good faith investigation, the court is required to issue a stay of the proceeding, including staying execution of a warrant of eviction or enforcement of a judgment so long as the investigation is ongoing. The bill stipulates that every six months, the court is required to schedule a status conference with the government agency and any other parties to the action to review any stay and to determine if the investigation is still continuing in good faith and is further required continue the stay of the proceeding until the government investigation is closed. A court may, in its discretion, review any supporting documents filed by the government entity in

camera and to be filed under seal if deemed necessary by the government entity.

Under the bill, the court is required to stay all proceedings;

(1) to recover possession of or quiet title to real property relating to a residential dwelling unit or property, where a criminal complaint is filed against a party to the proceeding for deed theft, larceny, offering a false document for filing, criminal possession of stolen property or any other law asserting theft or fraud in obtaining title to property and the criminal complaint relates to the premises that is the subject of the proceeding. The stay is to remain in effect until resolution of the criminal action:

(2) to recover possession of or quiet title to real property relating to a residential dwelling unit or property, where a federal, state or local government entity has commenced a civil action or proceeding relating to the theft or fraud in the title to, or the financing of, the premises that is the subject of the proceeding; and

(3) relating to any landlord-tenant action for 90 days to allow a party to file a complaint in the appropriate forum when the court makes a determination that there is a bona fide dispute between parties purporting to own the property that is the subject of the proceeding.

The provisions of the bill concerning the stay of proceedings do not apply to proceedings commenced against a person in possession who has entered the property or remains in possession by force or unlawful means and the person or the person's predecessor in interest was not in quiet possession for three years before the time of the forcible or unlawful entry or detainer.

Under the bill, where a person has been convicted of a criminal offense in connection with a deed theft or fraudulent transaction involving real property, the conviction creates a rebuttable presumption that the deed transfer was fraudulent. This applies where a grantee of a fraudulent deed is an entity that is beneficially owned by the convicted person.

The bill provides that, in cases where a defendant has been convicted after a trial or pled guilty to any crime that affects the title to, encumbrance of, or possession of, real property and where there is an instrument that is material to the encumbrance, transfer, or purchase of the real property, the Attorney General or any law enforcement agency may file a motion in Superior Court in the county where the property that is the subject of the instrument is located or the prosecution occurred, on behalf of the victim to void the instrument. The Superior Court is required to conduct a hearing and make findings of essential to the determination whether to declare the instrument void. Upon the defendant's conviction or guilty plea, and after conducting a hearing pursuant to the bill, the court is required to make a determination, and if appropriate, order that the instrument be declared void or grant other appropriate relief to the victim.