

SYNOPSIS OF S2334

The intent of this Bill is to provide a balanced approach to the United States Supreme Court decision in Tyler v. Hennepin County by allowing delinquent taxpayers to save their surplus equity in their property while at the same time retaining the incentive to keep third-party investors coming to tax sales. It is estimated that third-party investors pay delinquent taxes by participating in tax sales by investing in excess of \$70 million dollars in municipalities each year. If the amendment to the Tax Sale Law does not keep this incentive in place, it will increase the unfunded reserve thereby causing an increase on taxes for all of those individuals who actually do pay their taxes. In order to accomplish the above the Bill does the following:

1. It provides any distressed property owner the right to save any surplus equity by requesting a Sheriff's Sale within 45 days of service of the Foreclosure Complaint.

2. The distressed property owner can elect to choose a conventional Sheriff's Sale or an internet auction conducted by the county Sheriff.

3. By not mandating a Sheriff's Sale in every instance, it will save municipalities throughout the State of New Jersey significant costs. The deposit for the Sheriff alone is \$2,000.00. Unlike other Bills that mandate a Sheriff's Sale in every instance, it gives the delinquent taxpayer the right to request a Sheriff's Sale but if they do not request the sale, the municipality does not have to incur this additional expense.

4. In order to keep third-party investors coming to the tax sale, it provides reimbursement of all reasonable attorney's fees and costs incurred by the investor. This keeps the interest incentive to a third-party investor as a true incentive and will ensure their continued participation in future tax sales.

5. It provides that any premium that is paid by the third-party investor is returned if the property is sold to a third-party at a Sheriff's Sale.

6. It provides that any surplus from the Sheriff's Sale is deposited with the Clerk of the Superior Court and after payment of any junior liens, the former owner can receive any surplus equity.

7. Provides for the ability of a delinquent taxpayer to protect their surplus equity thereby protecting municipalities from future lawsuits.