

New Law Grants All Forms of Community Associations a Lien Priority of up to Thirty Months

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By: J. David Ramsey



Today Governor Murphy signed a law that significantly expands the lien priority over foreclosing lenders previously available only to condominium associations, and, for the first time, grants the same lien priority rights to homeowner associations.

The new law grants all community associations a lien priority of up to **30 months**, based upon a six-month priority lien being filed each year for five consecutive years. While prior law limited condo associations to one six-month lien priority over first mortgages, the new law provides for up to 30 months of lien priority.

The rationale? The economic downturn of 2008 cost NJ associations a lot of money, partly because they could only depend on receiving six months of assessments from the lender. This will address the inequity, increase the priority amounts collectible, and motivate lenders to complete foreclosures more quickly.

The law granting associations an expanded lien priority was part of a package of bills enacted by the legislature that included a new law to speed the foreclosure of mortgages in **New Jersey, which ranked dead last in the country in the processing of foreclosures over the last 10 years.**

The chair of Becker's Community Association Practice Group, David Ramsey, was intimately involved in drafting the new legislation. The NJ legislature relied on David's knowledge and experience of other states with reoccurring lien priorities. David also recognized that the legislature's interest in ending zombie foreclosures that left municipalities, neighbors and community associations with vacant, deteriorating housing provided a big opportunity to enhance the interests of community associations through expansion of lien priority.

For additional information concerning the new law read our previous [Legislative News Alert](#). Please contact any of our attorneys in the New Jersey Becker Community Association Practice Group at (973) 898-6502.
