

P.L. 2025, CHAPTER 56, *approved May 9, 2025*  
Senate, No. 3525 (*Second Reprint*)

1    **AN ACT** concerning financial institutions servicing mortgages and  
2    supplementing P.L.2009, c.53 (C.17:11C-51 et seq.).

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

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7    **2**【1. a. A financial institution shall allow mortgagors to:

8        (1) make biweekly mortgage payments, in which any amount paid  
9        in excess of the total annual mortgage payments due shall be applied to  
10       the mortgage loan principal;

11       (2) make bimonthly mortgage payments in the amount of half of  
12       the total monthly mortgage payment due; and

13       (3) pay additional amounts to the mortgage loan principal, without  
14       the imposition of any penalty.

15       b. 1At the time of an escrow analysis, if increases in property  
16       taxes or insurance premiums result in increased required escrow  
17       payments, then the financial institution shall:

18        (1) advise the mortgagor of the new biweekly or bimonthly  
19       mortgage payments; and

20        (2) apply any additional amounts paid by the mortgagor first to any  
21       unsatisfied escrow payments and then to the mortgage loan principal,  
22       without the imposition of any penalty.

23       c.<sup>1</sup> As used in this section:

24       “Bimonthly” means occurring twice each month.

25       “Biweekly” means occurring every two weeks.

26       “Financial institution” means a State chartered bank, savings bank,  
27       savings and loan association, or credit union, licensed lender, or  
28       mortgage servicer subject to the laws of this State.

29       “Mortgage loan” means a loan made to a natural person to whom  
30       credit is offered or extended primarily for personal, family or  
31       household purposes which is secured by a mortgage constituting a lien  
32       on real property located in this State on which there is erected or to be  
33       erected a structure containing one, two, three, four, five or six dwelling  
34       units, a portion of which structure may be used for nonresidential  
35       purposes, in the making of which the financial institution relies  
36       primarily upon the value of the property.

**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.**

**Matter enclosed in superscript numerals has been adopted as follows:**

<sup>1</sup>Senate SCU committee amendments adopted September 30, 2024.

<sup>2</sup>Assembly AFI committee amendments adopted December 9, 2024.

1       “Mortgage servicer” means any person, who, for the person or on  
2 behalf of a financial institution, receives payments of principal and  
3 interest in connection with a mortgage loan, records the payments on  
4 the person’s books and records and performs the other administrative  
5 functions as may be necessary to properly carry out the mortgage  
6 holder’s obligations under the mortgage agreement including, when  
7 applicable, the receipt of funds from the mortgagor to be held in  
8 escrow for payment of real estate taxes and insurance premiums and  
9 the distribution of the funds to the taxing authority and insurance  
10 company.

11      “Mortgagor” means a person who borrows money by mortgaging  
12 property to a mortgagee as security for a mortgage loan.]<sup>2</sup>

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14      <sup>2</sup>1. a. A financial institution shall allow mortgagors to:  
15        (1) for mortgagors who are in good standing on the mortgage:  
16          (a) make biweekly mortgage payments, in which any amount  
17          paid in excess of the total annual contractual mortgage payments  
18          due shall be applied to the mortgage loan principal; and  
19          (b) make semi-monthly mortgage payments in the amount of  
20          half of the total monthly contractual mortgage payment due; and  
21          (2) pay additional amounts to the mortgage loan principal,  
22          without the imposition of any penalty.

23      b. If, at the time an escrow analysis is performed, the analysis  
24      projects an escrow shortage or otherwise results in an increase to  
25      escrow amount payments:

26        (1) the financial institution shall:  
27          (a) notify the mortgagor of the new contractual mortgage  
28          payment pursuant to Regulation E, 12 C.F.R. Part 1005 and  
29          Regulation X, 12 C.F.R. Part 1024 and shall adjust the amount of  
30          the mortgagor’s recurring payment amount, if any, in accordance  
31          with the payment change resulting from the escrow analysis; and  
32          (b) apply any additional amounts paid by the mortgagor first to  
33          any unsatisfied escrow payments and then to the mortgage loan  
34          principal, without the imposition of any penalty; and  
35          (2) the mortgagor may elect to submit a payment or payments to  
36          the financial institution to reduce or eliminate any projected escrow  
37          shortage. A mortgagor that elects to make additional escrow  
38          payments pursuant to this paragraph shall notify the financial  
39          institution of their intent to make the payments. The payments shall  
40          be treated separately and independent of payments applied to the  
41          mortgage loan principal pursuant to this section.

42      c. As used in this section:

43        “Biweekly” means occurring every two weeks.

44        “Contractual mortgage payment” means the total amount of the  
45        monthly mortgage loan payment, comprised of the principal  
46        payment, interest payment, and any additional amounts being  
47        collected and held in an escrow account, including for property  
48        taxes and homeowners insurance.

1        “Escrow amount” means the amount of any additional funds that  
2 are collected by a financial institution pursuant to a mortgage loan  
3 and set aside in an escrow account to cover future expenses,  
4 including property taxes and homeowners insurance.

5        “Financial institution” means a State chartered bank, savings  
6 bank, savings and loan association, or credit union, licensed lender,  
7 or mortgage servicer subject to the laws of this State.

8        “Interest” means the cost to the mortgagor of the mortgage loan,  
9 calculated as a percentage of the mortgage loan balance.

10        “Mortgage loan” means a loan made to a natural person to whom  
11 credit is offered or extended primarily for personal, family or  
12 household purposes which is secured by a mortgage constituting a  
13 lien on real property located in this State on which there is erected  
14 or to be erected a structure containing one, two, three, four, five or  
15 six dwelling units, a portion of which structure may be used for  
16 nonresidential purposes, in the making of which the financial  
17 institution relies primarily upon the value of the property.

18        “Mortgage servicer” means any person, who, for the person or  
19 on behalf of a financial institution, receives payments of principal  
20 and interest in connection with a mortgage loan, records the  
21 payments on the person’s books and records and performs the other  
22 administrative functions as may be necessary to properly carry out  
23 the mortgage holder’s obligations under the mortgage agreement  
24 including, when applicable, the receipt of funds from the mortgagor  
25 to be held in escrow for payment of real estate taxes and insurance  
26 premiums and the distribution of the funds to the taxing authority  
27 and insurance company.

28        “Mortgagor” means a person who borrows money by mortgaging  
29 property to a mortgagee as security for a mortgage.

30        “Principal” means the outstanding balance of the original  
31 mortgage loan, exclusive of interest.

32        “Semi-monthly” means occurring twice each month.<sup>2</sup>

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34        2. This act shall take effect on the first day of the sixth month  
35 next following enactment and shall apply to mortgage agreements  
36 entered into on or after that date.

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41        Requires financial institutions to allow mortgagors to make  
42 biweekly and semi-monthly payments and payments to mortgage  
43 principal.