THE NEW JERSEY ROGERS-WIGGINS ACT

New Jersey Preserve the Home and Mortgage Integrity Act

A Proposed New Jersey Legislative Draft

2026 Session

Stronger State Protections for Mortgage Servicing, Foreclosure, Document Integrity, and Home Preservation

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This legislative proposal is intended for public-policy advocacy and is not individual legal advice. Legislative counsel should make technical, conforming, constitutional, fiscal, and effective-date edits before introduction.

STATE OF NEW JERSEY
2026 SESSION
SENATE No. ____
ASSEMBLY No. ____

AN ACT concerning mortgage servicing, foreclosure prevention, document integrity, MERS-related mortgage claims, and homeowner protections, supplementing P.L.1995, c.244 (C.2A:50-53 et seq.), P.L.2009, c.53 (C.17:11C-51 et seq.), and P.L.1960, c.39 (C.56:8-1 et seq.).

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

1. SHORT TITLE.

This act shall be known and may be cited as the "New Jersey Preserve the Home and Mortgage Integrity Act."

This act shall also be known and may be cited as the "Rogers-Wiggins Act."

2. LEGISLATIVE FINDINGS AND DECLARATIONS.

The Legislature finds and declares that:

a. Homeownership is central to family stability, neighborhood preservation, intergenerational wealth, and the economic well-being of the State.

b. New Jersey homeowners have been affected by unfair, deceptive, and unlawful mortgage-servicing, foreclosure, modification, and document practices, including misapplied payments, improper fees, lost documents, false or misleading communications, defective affidavits, improper notarization, robo-signing, and failures to identify the person or entity authorized to enforce a mortgage loan.

c. This act is named in honor and memory of Thomas U. Rogers and Agrippa Wiggins, two senior citizens whose reported experiences reflect the profound harm that may result from deceptive mortgage servicing, dual tracking, predatory lending, and foreclosure practices.

d. Thomas U. Rogers was a senior citizen and resident of New Jersey who, while battling cancer, was allegedly deceived into defaulting on his mortgage loan and subjected to dual tracking by his mortgage servicer while attempting to preserve his home. A foreclosure action was commenced on the same day Mr. Rogers succumbed to his battle with cancer.

e. Agrippa Wiggins was a senior citizen, World War II veteran, and homeowner who was allegedly steered into an adjustable-interest-rate refinance transaction during his eighties. While living on a fixed income, Mr. Wiggins earnestly sought a loan modification but was allegedly subjected to dual tracking by his mortgage servicer. Mr. Wiggins was evicted from his home and died only weeks before his one-hundredth birthday.

f. The Legislature recognizes that elderly homeowners, veterans, homeowners with disabilities, homeowners experiencing serious illness, and homeowners living on fixed incomes are especially vulnerable to unfair, deceptive, abusive, predatory, and unlawful mortgage-servicing and foreclosure practices.

g. On December 20, 2010, the Superior Court of New Jersey, Chancery Division, General Equity Part, Mercer County, entered an Order to Show Cause in In the Matter of Residential Mortgage Foreclosure Pleading and Document Irregularities, Docket No. F-059553-10, after the court became concerned about the accuracy and reliability of documents submitted in support of residential foreclosure matters. The order required specified foreclosure plaintiffs to show cause why the processing of certain actions should not be suspended and proposed a Special Master review of past and proposed document-execution practices.

h. The December 20, 2010 Order to Show Cause stated that deposition testimony and testimony concerning national foreclosure practices had raised serious questions about the accuracy and reliability of foreclosure documents, including affidavits, certifications, assignments, and other filings that may not have been based on personal knowledge. It authorized review of the practices of plaintiffs, subsidiaries, servicers, subservicers, specialty servicers, outsource firms, attorneys, and law firms, including potential sanctions and reimbursement of public costs associated with deficient and corrected filings.

i. Also on December 20, 2010, the Acting Administrative Director of the Courts issued Administrative Order 01-2010, In the Matter of Residential Mortgage Foreclosure Pleading and Document Irregularities, Docket No. F-238-11. The order required residential foreclosure plaintiffs and service providers meeting its filing threshold to provide information concerning document-execution practices, policies, procedures, quality controls, remediation, and compliance with court rules, and placed the submissions before a Special Master for review.

j. Administrative Order 01-2010 further required attorney certifications or affidavits in residential foreclosure proceedings confirming, after communication with an appropriate employee or employees, that the employee or employees had personally reviewed relevant documents and that counsel had confirmed the accuracy of court filings. The Legislature finds that these measures reflect the State's compelling interest in reliable foreclosure pleadings and accountable document practices.

k. The Congressional Oversight Panel's November Oversight Report, Examining the Consequences of Mortgage Irregularities for Financial Stability and Foreclosure Mitigation, dated November 16, 2010, described allegations that employees or contractors of major mortgage servicers signed, and in some instances backdated, documents claiming personal knowledge of mortgage facts that they did not know to be true. The report cautioned that document irregularities could impair the ability to establish loan ownership and lawful foreclosure authority, disrupt loss-mitigation programs, and undermine confidence in property rights and title systems.

l. The Congressional Oversight Panel further explained that a mortgage servicer may act as an intermediary for the owner or trust, but is not necessarily the owner of the mortgage and note. The Panel emphasized that lenders and securitization servicers should not undertake foreclosure unless they can do so in full compliance with applicable law and their contractual agreements with homeowners.

m. In United States of America, et al. v. Bank of America Corp., et al., No. 1:12-cv-00361-RMC (D.D.C.), the United States and participating State attorneys general filed a civil complaint alleging, among other matters, misleading foreclosure documents, improper servicing and document-related charges, failures in loss mitigation, and inappropriate dual tracking. The related 2012 consent judgments imposed mortgage-servicing and foreclosure-practice standards, including standards concerning document review, third-party oversight, loss mitigation, appeals, and foreclosure activity during modification review. The Legislature cites the complaint for its allegations and the consent judgments for their stated prospective requirements; neither is treated in this act as an adjudication of a particular homeowner's claim.

n. In Consumer Financial Protection Bureau, et al. v. Ocwen Financial Corp. and Ocwen Loan Servicing, LLC, No. 1:13-cv-02025-RMC (D.D.C.), the complaint alleged mortgage-servicing practices that harmed borrowers, and the Final Consent Judgment and Order entered on February 26, 2014 required consumer relief, compliance monitoring, servicing standards, single points of contact, loss-mitigation procedures, foreclosure safeguards, recordkeeping, and servicing-transfer controls. The Legislature cites the complaint for its allegations and the consent judgment for the obligations stated in that instrument.

o. In State of Alabama, State of New Jersey, et al. v. PHH Mortgage Corporation, No. 1:18-cv-00009 (D.D.C.), participating State attorneys general alleged violations of consumer-protection law arising from mortgage-servicing practices. The 2018 consent judgment resolved the parties' claims without the need for litigation and was coordinated with a State mortgage-regulator settlement and consent order addressing findings identified in a multistate examination. The Legislature cites those records as public-policy support for prospective standards governing account accuracy, borrower communications, loss mitigation, foreclosure processing, and remediation.

p. In State of Alabama, State of New Jersey, et al. v. Nationstar Mortgage LLC, d/b/a Mr. Cooper, No. 1:20-cv-03551 (D.D.C.), participating State attorneys general filed a complaint alleging violations of State consumer-protection laws and the Consumer Financial Protection Act in connection with mortgage-servicing practices. The related 2020 consent judgment was entered without trial or adjudication of the issues and provided for borrower remediation, servicing standards, and oversight. The Legislature cites the complaint for its allegations and the consent judgment for its stated remedial and prospective terms.

q. In Bureau of Consumer Financial Protection v. Nationstar Mortgage LLC, d/b/a Mr. Cooper, No. 1:20-cv-03550 (D.D.C.), the Bureau filed a civil complaint on December 7, 2020 concerning alleged unlawful mortgage-loan-servicing practices, and the court entered a Stipulated Final Judgment and Order on December 8, 2020. The

Legislature cites these records to support account-data, payment-application, foreclosure-prevention, and servicing-transfer safeguards, while preserving the distinction between allegations and consent-based relief.

r. In 2013, the New Jersey Attorney General and the Acting Director of the Division of Consumer Affairs entered a Final Consent Judgment with Lender Processing Services, Inc., LPS Default Solutions, Inc., and DocX, LLC. Among other stated obligations, the judgment required LPS to identify and remediate, when it had legal authority and remediation was reasonably necessary or required by law, mortgage-loan documents executed by LPS from January 1, 2008 through December 31, 2010 that may require remediation; it also provided for reporting, enforcement, and monetary relief to the State. The Legislature recognizes the judgment as a public record demonstrating the need for continuing document-provenance, disclosure, and remediation safeguards.

s. The Final Consent Decree in People of the State of Illinois v. Nationwide Title Clearing, Inc., No. 12 CH 03602 (Cir. Ct. Cook County, Ill.), entered on October 31, 2013, resolved the State's civil claims through consent-based relief. The Legislature cites the decree as a public record supporting document-execution controls, signer-authority verification, vendor accountability, and meaningful review before mortgage documents are executed, recorded, or relied upon in proceedings affecting property rights. This act does not treat the consent decree as an adjudication concerning any particular instrument.

t. The December 4, 2013 Consent Order entered by the Attorney General of New Jersey and the New Jersey Division of Consumer Affairs in In the Matter of PHH Mortgage Corporation resolved Consumer Fraud Act allegations concerning PHH's dealings with financially struggling homeowners seeking loan modifications or other foreclosure-prevention assistance. The order provided restitution and nationwide servicing standards while PHH admitted no wrongdoing or liability. The Legislature cites the order for its stated protections and remedial structure, not as an adjudication of any particular homeowner's claim.

u. The Florida Office of the Attorney General, Economic Crimes Division report titled Unfair, Deceptive and Unconscionable Acts in Foreclosure Cases (2010), later submitted as Appendix G in Florida Supreme Court Case No. SC17-1719 on October 20, 2017, described systemic foreclosure-document and process concerns identified during the foreclosure crisis. The Legislature cites the report as an investigative and educational public record supporting prospective safeguards; it is not treated as a judicial finding concerning any individual foreclosure matter.

v. Federal criminal proceedings against Lorraine Brown, a former executive associated with DocX, LLC and Lender Processing Services, established that mortgage-related documents were fraudulently prepared, executed, notarized, filed, and recorded through practices that included false signatures, surrogate signing, false notarization, and other document-integrity failures.

w. The United States Department of Justice reported that mortgage-related documents fraudulently produced under Brown's direction were relied upon in foreclosure proceedings, bankruptcy proceedings, property-recording systems, and title-related matters affecting homeowners and property rights.

x. A mortgage-related document associated with a government-identified document-fraud scheme, consent judgment, consent decree, regulatory order, or stated governmental remediation process may remain in land records, loan files, foreclosure files, bankruptcy files, and title-related records long after the underlying criminal, regulatory, or settlement matter is concluded.

y. A homeowner should not be required to defend a foreclosure, collection demand, or related proceeding based upon a document whose authenticity is reasonably disputed and whose origin is connected to a known mortgage-document fraud scheme or a stated governmental remediation process.

z. In 2011, the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of Thrift Supervision, and Federal Housing Finance Agency issued a consent cease-and-desist order involving MERSCORP, Inc. and Mortgage Electronic Registration Systems, Inc. The order stated that the agencies found, and MERS and MERSCORP neither admitted nor denied, deficiencies in oversight, management supervision, corporate governance, internal controls, policies, procedures, compliance risk management, internal audit, and reporting related to residential mortgage and foreclosure-related services.

aa. The 2011 consent order described MERS as serving as mortgagee of record and nominee for participating members and using designated certifying officers, including officers or employees of members and certain third parties, to execute legal documents in MERS' name, such as mortgage assignments and lien releases.

ab. In Mortgage Electronic Registration Systems, Inc. v. Nebraska Department of Banking and Finance, 704 N.W.2d 784 (Neb. 2005), the Supreme Court of Nebraska, applying the statute before it, described MERS as serving in a nominee and legal-title capacity, not as the entity extending credit, acquiring the right to receive payments, or independently collecting the debt. The Legislature recognizes that the legal effect of a mortgage, note, assignment, agency relationship, or foreclosure filing is governed by applicable law and the facts of each case.

ac. In a certification filed in New Jersey in 2011 in response to Administrative Order 01-2010, MERS stated that MERS and MERSCORP were neither lenders nor loan servicers; that MERS did not own beneficial interests in promissory notes; that MERS served as mortgagee of record and nominee; and that foreclosure actions brought in MERS' name were filed and managed by the members, including lenders and servicers, through MERS certifying officers with limited authority.

ad. Congress, in 15 U.S.C. s.1641(f), provides for purposes of that federal section that a servicer is not treated as an assignee unless the servicer is or was the owner of the obligation, and that an assignment to a servicer solely for administrative convenience does not make the servicer the owner of the obligation.

ae. A public record, registry entry, nominee designation, servicing relationship, limited corporate resolution, or assignment created for administrative convenience must not be used to misstate the actual owner of an obligation, the person entitled to enforce a note, the holder of a mortgage lien, the identity of a servicer, or the actual scope of a party's authority.

af. Mortgage servicers and foreclosure claimants should not be permitted to induce or permit a homeowner to default, misrepresent available assistance, lose or disregard loss-mitigation documents, impose improper fees, conceal ownership or enforcement authority, falsely claim ownership or a transfer of an obligation, or advance foreclosure while reviewing or delaying a homeowner's application for assistance.

ag. It is therefore necessary and appropriate to establish enhanced protections against dual tracking, deceptive servicing, predatory refinancing, servicing-transfer data failures, false or defective mortgage documentation, false or misleading MERS-related capacity and transfer claims, and unlawful foreclosure practices in the State of New Jersey.

ah. The purpose of this act is to honor Thomas U. Rogers and Agrippa Wiggins by preserving homeownership, protecting vulnerable homeowners, promoting mortgage-servicing accountability, and ensuring that foreclosure remains a true last resort.

3. DEFINITIONS.

As used in this act:

"Administrative-convenience assignment" means an assignment, designation, transfer, or registration involving a servicer that is made solely to facilitate servicing, recordkeeping, foreclosure administration, or another administrative function and does not independently convey beneficial ownership of the obligation.

"Complete loss-mitigation application" means an application for a loan modification, repayment plan, forbearance, reinstatement, short sale, deed in lieu, principal reduction, or other foreclosure-prevention option for which the homeowner has provided all information reasonably required by the mortgage claimant.

"Covered residential mortgage loan" means a consumer mortgage loan secured by a one-to-four family residential property located in this State that is occupied, or intended to be occupied, as the homeowner's principal residence.

"DocX-associated document" means a mortgage-related document prepared, executed, notarized, filed, recorded, or processed by DocX, LLC, LPS Document Solutions, Lender Processing Services, Inc., or an agent thereof during a period identified in a final criminal judgment, plea agreement, non-prosecution agreement, or governmental enforcement record concerning fraudulent mortgage-document practices, including a document made during the period from March 2003 through November 2009, unless independently shown not to have been connected to the identified execution process.

"Government-identified compromised document" means a mortgage-related document, including an assignment, affidavit, certification, allonge, endorsement, substitution, lost-note affidavit, payment history, proof of claim, motion for relief from stay, release, satisfaction, or notarized instrument that was prepared, executed, notarized, filed, recorded, or processed by an entity, person, system, or process identified in a criminal plea agreement, criminal judgment, consent judgment, consent decree, non-prosecution agreement, regulatory enforcement action, cease-and-desist order, attorney general investigation, governmental remediation process, or official governmental finding as having engaged in forgery, surrogate signing, robo-signing, false notarization, backdating, fabrication, materially deceptive mortgage-document practices, or material account-data and servicing-transfer failures.

"Government-identified servicing remediation process" means a consent judgment, consent order, consent decree, cease-and-desist order, settlement agreement, regulatory enforcement action, or official governmental finding that requires a mortgage claimant, servicer, document vendor, or agent to correct, reconcile, disclose, preserve, review, remediate, monitor, or report mortgage-servicing, foreclosure, document-execution, payment-application, escrow, loss-mitigation, servicing-transfer, or borrower-communication practices.

"Mortgage-servicing transfer" means a transfer, sale, assignment, delegation, assumption, or other change in the right or responsibility to receive payments from a homeowner, administer a covered residential mortgage loan, manage a loss-mitigation application, collect default-related amounts, or conduct foreclosure-related activity.

"Servicing-transfer continuity record" means a complete and contemporaneous record prepared for a mortgage-servicing transfer that identifies the account balance, payment history, unapplied funds, suspense funds, escrow balance and advances, fees and charges, pending disputes, error-resolution requests, loss-mitigation status, trial or permanent foreclosure-prevention agreements, bankruptcy status, foreclosure status, and all information reasonably necessary to prevent a material servicing error or unlawful foreclosure activity after the transfer.

"Document Remediation Notice" means a written notice that identifies a mortgage-related document that was or may have been materially false, defective, improperly executed, improperly notarized, backdated, unsupported, or subject to a government-identified remediation process; identifies the asserted basis for the concern, including the applicable public enforcement record when known; attaches the document and available replacement or corrective records; describes the proposed remediation; and states the homeowner's right to dispute the document or remediation.

"Homeowner" means a borrower, mortgagor, successor in interest, heir, estate representative, or person with a documented ownership interest in a property securing a covered residential mortgage loan.

"MERS-related document" means an assignment, release, satisfaction, affidavit, certification, complaint, proof of claim, motion, notice, power of attorney, corporate resolution, registry record, or other mortgage-related document that identifies Mortgage Electronic Registration Systems, Inc., MERSCORP Holdings, Inc., MERSCORP, Inc., a MERS member, a MERS certifying officer, a MERS System record, or a MERS identification number.

"MERS-related representation" means a written, electronic, oral, recorded, filed, notarized, or submitted statement that states or implies that Mortgage Electronic Registration Systems, Inc., MERSCORP Holdings, Inc., MERSCORP, Inc., a MERS member, a MERS certifying officer, or a mortgage servicer owns, holds, acquired, transferred, services, or is authorized to enforce a covered residential mortgage loan, note, mortgage, lien, or obligation.

"Mortgage Authority Statement" means the disclosure, certifications, account history, and supporting documents required pursuant to section 4 of this act.

"Mortgage claimant" means a person or entity that claims authority to service a covered residential mortgage loan, collect payments, enforce a note, foreclose a mortgage, file a foreclosure complaint, file a proof of claim, seek relief from an automatic stay, or otherwise exercise rights arising from a covered residential mortgage loan.

"Owner of the obligation" means the person or entity that holds the beneficial ownership interest in the indebtedness evidenced by the note. The term does not include a person or entity merely because it is a mortgagee of record, nominee, registry operator, servicer, subservicer, document custodian, attorney, agent, or holder of legal title to a mortgage lien, unless that person or entity independently owns the beneficial ownership interest in the obligation.

"Verified MERS authority record" means reliable, contemporaneous, and independently verifiable business records establishing, as applicable, the actual owner of the obligation, the person entitled to enforce the note, the role of MERS or a MERS-related entity, the identity and authority of any MERS certifying officer, the member for whom the officer acted, the scope and effective dates of that authority, and the chain of custody or recordation history relevant to the claimed transaction.

4. MORTGAGE AUTHORITY STATEMENT; CONDITION PRECEDENT TO FORECLOSURE.

a. A mortgage claimant shall provide a Mortgage Authority Statement to a homeowner not less than 45 days before sending a notice of intention to foreclose pursuant to section 4 of P.L.1995, c.244 (C.2A:50-56).

b. The Mortgage Authority Statement shall include:

(1) separately and clearly, the name, address, telephone number, and role of the current owner of the obligation, the current person entitled to enforce the note, the mortgagee of record, any trustee, servicer, subservicer, foreclosure counsel, and each agent asserting authority concerning the loan;

(2) a complete payment history showing all payments received, unapplied or suspense funds, escrow transactions, fees, advances, credits, charges, and claimed arrears;

(3) a detailed payoff and reinstatement statement;

(4) copies of the note, mortgage, allonges, recorded assignments, powers of attorney, substitutions, and documents establishing the mortgage claimant's authority to enforce the obligation;

(5) if the original note is unavailable, a sworn explanation identifying the custodian, the circumstances of loss or unavailability, search efforts undertaken, and the legal basis for enforcement;

(6) a description of available loss-mitigation programs and the homeowner's right to submit an application for assistance;

(7) a certification signed under penalty of perjury by a qualified employee or custodian who has personal knowledge or has conducted a verified review of the applicable business records;

(8) if a MERS-related document or representation is relied upon, a MERS Capacity Disclosure identifying the actual owner of the obligation, the person entitled to enforce the note, the capacity in which MERS or any MERS-related entity is identified, and the verified MERS authority record supporting each claimed capacity;

(9) if a servicer asserts that it owns the obligation, competent and verified records establishing actual ownership, together with a statement explaining whether any assignment to the servicer was made solely for administrative convenience; and

(10) a statement that no party is being described as the owner of the obligation solely because of a nominee designation, mortgagee-of-record designation, registry entry, limited corporate resolution, servicing status, or administrative-convenience assignment.

(11) if the mortgage claimant knows, or reasonably should know, that it intends to rely upon a document subject to a government-identified remediation process, a Document Remediation Notice and the independent records relied upon to establish the document's authenticity and enforceability.

c. The Mortgage Authority Statement shall be written in plain language and shall advise the homeowner of the availability of housing counseling, legal assistance, foreclosure mediation, error-resolution rights, the right to dispute the claimed authority or account balance, and the right to request the name, address, and telephone number of the owner of the obligation or master servicer to the extent required by applicable law.

d. Delivery of a materially complete Mortgage Authority Statement shall be a condition precedent to acceleration of a covered residential mortgage loan, issuance of a notice of intention to foreclose, and filing of a foreclosure complaint.

5. LOSS-MITIGATION REVIEW AND FORECLOSURE HOLD.

a. A mortgage claimant shall acknowledge receipt of a loss-mitigation application within 5 business days and shall provide a written list of any documents reasonably needed to complete the application.

b. A mortgage claimant shall not require a homeowner to resubmit documents previously received unless the mortgage claimant specifically identifies why the prior document is incomplete, expired, or otherwise insufficient.

c. A mortgage claimant shall not send a notice of intention to foreclose, file or advance a foreclosure complaint, seek final judgment, schedule a sheriff's sale, or otherwise advance foreclosure while:

(1) a complete loss-mitigation application is pending;

(2) a timely appeal from a loss-mitigation denial is pending;

(3) the homeowner is performing under a trial modification, repayment agreement, forbearance agreement, or other foreclosure-prevention plan; or

(4) a material dispute concerning payment application, fees, escrow, ownership, authority, MERS-related capacity or transfer documentation, or foreclosure documentation remains unresolved.

d. A mortgage claimant shall evaluate every complete loss-mitigation application in good faith under written standards that are applied consistently to similarly situated homeowners.

e. A denial of a loan modification or other material loss-mitigation option shall state the specific reasons for the denial, identify the records relied upon, and inform the homeowner of a right to appeal within 30 days.

f. A homeowner shall not be required to waive consumer-protection rights, foreclosure defenses, bankruptcy rights, or legal claims as a condition of receiving consideration for loss mitigation.

5A. SERVICING-TRANSFER CONTINUITY AND ACCOUNT-DATA INTEGRITY.

a. Before a mortgage-servicing transfer takes effect, the transferor servicer shall prepare and preserve a servicing-transfer continuity record. The transferor shall provide that record to the successor servicer in sufficient time for the successor servicer to review and reconcile the loan before taking material collection, loss-mitigation, foreclosure, bankruptcy-related, or property-preservation action.

b. A successor servicer shall conduct a reasonable reconciliation of the servicing-transfer continuity record and shall promptly correct material discrepancies in payment application, suspense or unapplied funds, escrow, fees, account balance, loss-mitigation status, trial or permanent foreclosure-prevention agreements, bankruptcy information, foreclosure status, or borrower-contact information.

c. A mortgage claimant shall not impose a fee, declare or maintain a default, deny or delay loss mitigation, advance foreclosure, schedule or conduct a sheriff's sale, or take other materially adverse action because of a discrepancy, omission, delay, or error caused by a mortgage-servicing transfer. A successor servicer shall honor a written trial modification, permanent modification, repayment plan, forbearance agreement, or other foreclosure-prevention agreement that was in effect immediately before the transfer, unless the homeowner materially breaches the agreement after notice and a reasonable opportunity to cure.

d. Within 15 days after a mortgage-servicing transfer, the successor servicer shall provide the homeowner with a written notice identifying the new servicer, a point of contact, the status of any pending loss-mitigation application or foreclosure-prevention agreement, and a description of the homeowner's right to dispute a servicing-transfer error or obtain a current account history. This requirement is in addition to, and shall not reduce, any notice required by federal law.

e. If the mortgage claimant receives a credible written notice of a material servicing-transfer error or cannot reconcile a material account, loss-mitigation, foreclosure, or bankruptcy-related discrepancy, it shall preserve the related records and shall not advance foreclosure or take another irreversible action until the discrepancy is corrected or the claimant provides the homeowner and, when applicable, the court with a written explanation supported by reliable records.

f. A knowing failure to prepare, preserve, transfer, reconcile, disclose, or honor the records and agreements required by this section shall constitute an unlawful practice under P.L.1960, c.39 (C.56:8-1 et seq.).

6. FORECLOSURE PLEADING, PROOF, AND JUDICIAL REVIEW.

a. A foreclosure complaint involving a covered residential mortgage loan shall include and attach:

(1) the Mortgage Authority Statement;

(2) a certification establishing the plaintiff's right to enforce the note and mortgage under applicable law;

(3) a complete itemization of the amount claimed due;

(4) a certification that the plaintiff has complied with all loss-mitigation obligations imposed by this act and other applicable law; and

(5) where a MERS-related document or representation is relied upon, a certification that separately identifies the actual owner of the obligation, the person entitled to enforce the note, the mortgagee of record, the servicer, each agent, the precise capacity in which MERS or a MERS-related entity is involved, and the verified MERS authority record supporting those identifications.

b. Where a homeowner timely disputes the mortgage claimant's authority, account balance, payment history, fees, MERS-related capacity or transfer documentation, or foreclosure documentation, the Superior Court shall determine whether the mortgage claimant has satisfied the conditions precedent established by this act before entering final judgment.

c. A violation of this act shall constitute a defense to foreclosure, grounds for dismissal without prejudice, grounds to deny or vacate final judgment where appropriate, and grounds to enjoin a sheriff's sale pending resolution of the violation.

d. Nothing in this act shall automatically invalidate the rights of a bona fide purchaser without notice or limit any equitable authority otherwise available to the Superior Court.

6A. DOCUMENT-INTEGRITY CERTIFICATIONS AND REMEDIATION NOTICE.

a. In addition to the certifications required by section 6 of this act, the mortgage claimant shall file with a foreclosure complaint, an application for final judgment, and a request to schedule a sheriff's sale a certification of foreclosure counsel stating that, after reasonable inquiry, counsel has communicated with a qualified employee or records custodian identified by name and title; has reviewed the material court submissions and supporting records; and has confirmed the factual accuracy of the submissions and the accuracy of any notarizations relied upon. The certification of foreclosure counsel shall not substitute for the qualified employee or custodian certification required by this act.

b. If a mortgage claimant discovers, or receives credible notice, that a mortgage-related document it has filed, recorded, submitted, or intends to rely upon may be materially false, defective, improperly executed, improperly notarized, backdated, unsupported, or subject to a government-identified remediation process, the mortgage claimant shall, within 30 days, preserve the related records and serve a Document Remediation Notice upon the homeowner and, if litigation is pending, file the notice with the court.

c. A corrective filing, replacement affidavit, amended assignment, or other remediation does not by itself cure a disputed defect or waive a homeowner's right to challenge standing, authority, authenticity, account balance, compliance with law, or any other available defense or claim.

d. Upon a showing of a material document-integrity concern, the Superior Court may, as justice requires and consistent with its existing authority, stay further foreclosure processing, deny or defer judgment, require a verified remediation plan, require reimbursement of reasonable costs caused by deficient or corrected submissions, impose sanctions authorized by law, or grant other appropriate relief.

e. Nothing in this section shall automatically invalidate every document associated with a settlement, consent judgment, or remediation process. The purpose of this section is to require notice, preservation, verification, and meaningful judicial review before such a document is used to affect a homeowner's property rights.

7. PROHIBITED MORTGAGE-SERVICING AND DOCUMENT PRACTICES.

A mortgage claimant, and any employee, attorney, notary, contractor, document custodian, foreclosure vendor, or other agent acting on its behalf, shall not:

a. misapply or fail to timely apply a homeowner's payment;

b. charge improper, duplicative, excessive, undisclosed, or unauthorized fees;

c. provide materially false, deceptive, or misleading information regarding servicing, ownership, loss mitigation, foreclosure, payment obligations, MERS-related capacity, or a claimed transfer;

d. prepare, execute, notarize, file, record, or present a materially false, misleading, backdated, unsupported, or improperly notarized document;

e. sign an affidavit, certification, assignment, declaration, payment history, or other foreclosure document without personal knowledge or verified review of reliable business records;

f. falsely represent that an entity owns, holds, services, or is authorized to enforce a mortgage loan;

g. falsely represent that a mortgage servicer owns an obligation when the servicer does not own the beneficial ownership interest in that obligation;

h. falsely represent that Mortgage Electronic Registration Systems, Inc., MERSCORP Holdings, Inc., MERSCORP, Inc., or a MERS certifying officer owns, holds, acquired, transferred, services, or is authorized to enforce a note, mortgage, lien, or obligation beyond the actual and documented scope of the party's authority;

i. prepare, execute, notarize, file, record, submit, or present a document that states or implies that MERS transferred or received ownership of a note or obligation when the records establish only a nominee, mortgagee-of-record, registry, agency, lien, or administrative function;

j. represent that a MERS System entry, MERS identification number, nominee designation, mortgagee-of-record designation, servicing status, limited corporate resolution, or administrative-convenience assignment, standing alone, establishes ownership of an obligation, the right to enforce a note, or authority to foreclose;

k. fail to supervise third-party vendors, foreclosure firms, document processors, MERS certifying officers, or other agents; or

l. lose, destroy, disregard, or repeatedly demand documents previously provided by a homeowner;

m. fail, in connection with a mortgage-servicing transfer, to accurately transfer or reconcile material account data, to preserve a servicing-transfer continuity record, to honor an existing foreclosure-prevention agreement, or to suspend materially adverse activity while a credible transfer-related dispute is unresolved.

7A. DISCLOSURE AND AUTHENTICATION OF GOVERNMENT-IDENTIFIED COMPROMISED DOCUMENTS.

For purposes of this section, a government-identified remediation process includes a final consent judgment, settlement, regulatory order, or other governmental action that expressly requires document identification, correction, remediation, reporting, or compliance measures. The use of such a process as a trigger for disclosure does not, standing alone, establish that a particular document is void or unenforceable.

a. A mortgage claimant that knows, or reasonably should know, that it intends to rely upon a government-identified compromised document or a DocX-associated document shall provide written disclosure to the homeowner and file the disclosure with the Superior Court before relying upon the document in a foreclosure action.

b. The disclosure shall identify:

(1) the document at issue;

(2) the date, recording information, preparer, signer, notary, and apparent chain of title;

(3) the governmental action, if any, that identifies the entity, person, process, or time period associated with the document-integrity concern; and

(4) the independent evidence upon which the mortgage claimant relies to establish authenticity and enforceability.

c. A mortgage claimant may not rely upon a government-identified compromised document or a DocX-associated document unless it establishes by clear and convincing evidence:

(1) that the document was executed by a person with lawful authority;

(2) that the signature and notarization were validly completed;

(3) that the instrument was not forged, surrogate-signed, falsely notarized, backdated, fabricated, or materially altered;

(4) that the mortgage claimant possesses a reliable and complete chain of custody; and

(5) that independent business records corroborate the material facts asserted in the challenged document.

d. A copy of the disputed document, a conclusory certification, or a declaration based solely upon records maintained by the same entity that prepared or processed the challenged document shall not, standing alone, satisfy subsection c. of this section.

e. Upon a homeowner's prima facie showing that a document is a government-identified compromised document or a DocX-associated document, the mortgage claimant shall bear the burden of establishing authenticity and enforceability in accordance with subsection c. of this section.

7B. EFFECT UPON FORECLOSURE AND BANKRUPTCY-RELATED PROCEEDINGS.

a. A court shall not enter final judgment of foreclosure, authorize a sheriff's sale, or deny a homeowner's request for equitable relief where a material government-identified compromised document or DocX-associated document remains unresolved.

b. Nothing in this act shall alter a federal bankruptcy court's authority or create a State procedural requirement for a federal bankruptcy case. Where credible evidence indicates that a government-identified compromised document or a DocX-associated document has been submitted in a bankruptcy case involving a New Jersey homeowner, the Attorney General or Commissioner of Banking and Insurance may refer the matter to the United States Trustee Program, the United States Department of Justice, and any other appropriate law-enforcement or regulatory authority.

7C. PRESERVATION OF EVIDENCE; REMEDIES.

a. Upon receipt of a dispute alleging that a document is a government-identified compromised document or a DocX-associated document, the mortgage claimant shall preserve all originals, images, electronic files, metadata, audit logs, notarization records, vendor communications, recording instructions, custodial records, and related business records.

b. A knowing failure to disclose, preserve, authenticate, or correct reliance upon a government-identified compromised document or a DocX-associated document shall constitute an unlawful practice under P.L.1960, c.39 (C.56:8-1 et seq.).

c. In addition to all other remedies available by law, a court may award actual damages, statutory damages, injunctive relief, corrective account adjustments, rescission of improper fees or charges, attorney's fees, costs, sanctions, and appropriate equitable relief.

d. Nothing in this act shall establish that every DocX-associated document is automatically void. A document's provenance shall instead trigger heightened disclosure, authentication, and review requirements designed to protect homeowners, courts, land records, and the public from continued reliance upon known or reasonably suspected false mortgage documents.

7D. MERS-RELATED CAPACITY, TRANSFER, AND SERVICER-OWNERSHIP CLAIMS.

a. A mortgage claimant that relies upon a MERS-related document or representation shall accurately and separately identify the actual owner of the obligation, the person entitled to enforce the note, the mortgagee of record, the servicer, and the capacity in which MERS or a MERS-related entity is acting.

b. A mortgage claimant, servicer, MERS member, MERS certifying officer, foreclosure law firm, document vendor, or other agent shall not characterize a servicer as the owner of an obligation unless competent and verified records establish that the servicer owns the beneficial ownership interest in the obligation. A transfer or assignment made solely for administrative convenience in servicing the obligation is insufficient to establish ownership.

c. A mortgage claimant shall not characterize MERS or a MERS-related entity as the owner, holder, creditor, assignee of the obligation, transferee of the note, or party entitled to enforce the note unless competent and verified records establish that status under applicable law. A designation of MERS as nominee, mortgagee of record, registry operator, agent, or holder of legal title to a mortgage lien is insufficient, standing alone, to establish ownership of the obligation or the right to enforce the note.

d. A MERS System entry, MERS identification number, mortgagee-of-record designation, nominee designation, servicer statement, limited corporate resolution, or assignment for administrative convenience shall not, standing alone, establish the identity of the owner of an obligation, the right to enforce a note, or authority to foreclose.

e. A person signing a MERS-related document as a certifying officer, vice president, assistant secretary, attorney in fact, or other purported representative shall, upon request by the homeowner or as required by a court, provide the verified MERS authority record that identifies the MERS member, the actual principal, the loan or transaction to which the authority applies, the scope of authority, and the effective dates of the authority.

f. A document purporting to assign, transfer, release, satisfy, or otherwise affect a mortgage, lien, note, obligation, or beneficial interest by or to MERS shall clearly state the precise interest being affected. No person shall state or imply that MERS transferred or received ownership of a note or obligation unless the transferor had that ownership interest and the transaction records independently establish the transfer.

g. When a MERS-related document is used in a foreclosure, collection, bankruptcy-related, title, recording, or other property-related matter, the mortgage claimant shall disclose the actual principal for whom MERS or any MERS certifying officer acted and shall not conceal or materially misstate the role of any servicer, subservicer, trustee, custodian, agent, or beneficial owner.

h. A failure to provide the MERS Capacity Disclosure or verified MERS authority record required by this act shall constitute a material defect in the Mortgage Authority Statement and a failure of a condition precedent to the extent the claimant relies materially upon the MERS-related document or representation.

7E. ENFORCEMENT OF MERS-RELATED AND SERVICER-OWNERSHIP PROVISIONS.

a. A knowing, willful, reckless, repeated, or pattern-and-practice violation of section 7 or section 7D of this act involving a false MERS-related capacity, transfer, ownership, or servicer-ownership representation shall be an aggravated violation of this act.

b. Each materially false or misleading document, certification, assignment, notice, communication, filing, or recorded instrument may constitute a separate violation; provided that no claimant shall obtain duplicative recovery for the same injury.

c. The Attorney General and Commissioner of Banking and Insurance may investigate alleged violations of section 7D of this act, issue subpoenas and demands as authorized by law, require corrective action plans, seek or impose civil penalties as authorized by section 9 of this act, and refer credible evidence of fraud, forgery, false notarization, false claim, perjury, bankruptcy abuse, or unlawful foreclosure conduct to an appropriate State or federal authority.

d. Nothing in this act shall automatically render every MERS-related document void or establish that MERS or a servicer can never have a legally valid role in a mortgage transaction. The purpose of this section is to require accurate capacity disclosures, reliable proof, preservation of evidence, and accountability when ownership, transfer, or enforcement authority is asserted.

8. RECORD RETENTION; REFERRALS; REPORTING.

a. A mortgage claimant shall retain mortgage-servicing, ownership, payment, fee, escrow, and foreclosure records for the life of a covered residential mortgage loan and for not less than 7 years following final disposition of the loan.

b. A mortgage claimant that relies upon a MERS-related document or representation shall preserve, in addition to the records required by subsection a. of this section, all corporate resolutions, signing-authority agreements, MERS System audit records available to the claimant, transfer instructions, member communications, certifying-officer records, registry reports, and documents relied upon to establish the actual owner of the obligation, the person entitled to enforce the note, and the claimed authority of each agent.

c. A mortgage claimant that relies upon a document subject to a government-identified remediation process or completes a mortgage-servicing transfer shall preserve all remediation notices, corrective filings, replacement documents, document-production and vendor records, quality-control records, audit records, communications concerning the identified concern, servicing-transfer continuity records, reconciliation records, and records used to authenticate, remediate, or reconcile the document or account.

d. When the Commissioner of Banking and Insurance or the Attorney General receives credible evidence that a mortgage claimant has submitted materially false or inaccurate mortgage records, payment histories, escrow claims, fee statements, proofs of claim, motions, MERS-related documents, or servicer-ownership representations in a federal bankruptcy proceeding, the commissioner or Attorney General shall refer the matter to the United States Trustee Program, the United States Department of Justice, and other appropriate authorities.

e. The Commissioner of Banking and Insurance and the Attorney General shall publish an annual report describing complaints received, examinations conducted, enforcement actions, referrals, recurring mortgage-document concerns, MERS-related capacity or transfer concerns, and recommendations for legislative or regulatory action, while protecting personally identifiable homeowner information.

9. ENFORCEMENT; REMEDIES.

a. A violation of this act shall constitute an unlawful practice under the consumer fraud act, P.L.1960, c.39 (C.56:8-1 et seq.).

a.(1) A knowing failure to provide a required Document Remediation Notice, preserve required remediation or servicing-transfer records, disclose a material document-integrity concern, or correct a material servicing-transfer error shall constitute an aggravated violation of this act.

b. In addition to remedies available under the consumer fraud act, an aggrieved homeowner may bring an action in Superior Court for actual damages, statutory damages of not less than $2,500 for each material violation, injunctive relief, corrective account adjustments, attorney's fees, costs, and other equitable relief.

c. For a knowing, willful, reckless, repeated, or pattern-and-practice violation, the court may award enhanced damages as justice requires, provided that there shall be no duplicative recovery for the same injury.

d. For a knowing, willful, reckless, repeated, or pattern-and-practice violation of section 7D of this act involving a false MERS-related capacity, transfer, ownership, or servicer-ownership representation, the court may award statutory damages of not less than $5,000 for each material violation, in addition to any actual damages and other equitable relief authorized by law, provided that there shall be no duplicative recovery for the same injury.

e. The Commissioner of Banking and Insurance may investigate violations, conduct examinations, require corrective action plans, suspend or revoke licenses where authorized, and impose civil penalties of up to $25,000 for each knowing violation. For a knowing, willful, reckless, repeated, or pattern-and-practice violation of section 7D of this act, the commissioner may impose civil penalties of up to $50,000 for each knowing violation, subject to any applicable statutory limits and due-process requirements.

f. The Attorney General may bring an action to enforce this act and may seek restitution, civil penalties, injunctive relief, disgorgement, and other remedies authorized by law.

10. HOME PRESERVATION AND DOCUMENT INTEGRITY FUND.

a. There is established in the Department of Community Affairs a nonlapsing, revolving fund to be known as the "Home Preservation and Document Integrity Fund."

b. Moneys in the fund shall be used for:

(1) foreclosure-prevention counseling;

(2) housing counseling and homeowner education;

(3) legal representation for low-income homeowners;

(4) mediation and settlement services;

(5) land-record and title-document review projects;

(6) consumer complaint intake and data reporting; and

(7) community education concerning mortgage fraud, unlawful servicing, MERS-related capacity or transfer transparency, and foreclosure prevention.

c. The fund shall include civil penalties, settlements, appropriations, grants, donations, and other moneys made available for its purposes.

11. RULES AND REGULATIONS.

The Commissioner of Banking and Insurance, the Attorney General, and the Commissioner of Community Affairs may adopt rules and regulations necessary to implement this act, including rules specifying the form and contents of the MERS Capacity Disclosure and the verified MERS authority record.

12. CONSTRUCTION; EFFECTIVE DATE.

a. This act shall be liberally construed to protect homeowners and preserve all rights and remedies provided by State or federal law.

b. Nothing in this act shall limit a homeowner's rights under the Fair Foreclosure Act, the New Jersey Consumer Fraud Act, the New Jersey Residential Mortgage Lending Act, common law, federal consumer-financial-protection law, or the United States Bankruptcy Code.

c. This act establishes independent State disclosure, documentation, and remedy requirements. Nothing in this act shall be construed to create a federal cause of action under 15 U.S.C. s.1641, alter the scope of that federal section, or treat a servicer as the owner of an obligation solely because of an administrative-convenience assignment. The act shall instead be construed consistently with the distinction in 15 U.S.C. s.1641(f) between a servicer and the actual owner of an obligation.

d. This act shall take effect on the first day of the seventh month next following enactment and shall apply to all foreclosure actions commenced on or after that date and to all covered residential mortgage loans serviced on or after that date.

SUPPORTING PUBLIC RECORD AND DRAFTING SOURCES

The following sources are provided for sponsor and legislative-counsel reference only and are not part of the proposed statutory text.

1. Congressional Oversight Panel, November Oversight Report: Examining the Consequences of Mortgage Irregularities for Financial Stability and Foreclosure Mitigation (Nov. 16, 2010), especially Executive Summary and Sections One.D, One.E, and One.H.

2. Order Directing the Named Foreclosure Plaintiffs to Show Cause Why the Court Should Not Suspend the Ministerial Duties of the Office of Foreclosure and the Superior Court Clerk's Office Regarding the Processing of Certain Uncontested Residential Mortgage Foreclosure Actions, In the Matter of Residential Mortgage Foreclosure Pleading and Document Irregularities, Docket No. F-059553-10 (N.J. Super. Ct., Ch. Div., Gen. Eq. Part, Mercer Cty., Dec. 20, 2010).

3. Administrative Order 01-2010, Administrative Order Directing Submission of Information from Residential Mortgage Foreclosure Plaintiffs Concerning Their Document Execution Practices to a Special Master, In the Matter of Residential Mortgage Foreclosure Pleading and Document Irregularities, Docket No. F-238-11 (N.J. Judiciary, Dec. 20, 2010).

4. United States of America, et al. v. Bank of America Corp., et al., No. 1:12-cv-00361-RMC (D.D.C.), Complaint and related 2012 Consent Judgment, commonly known as the National Mortgage Settlement.

5. Consumer Financial Protection Bureau, et al. v. Ocwen Financial Corp. and Ocwen Loan Servicing, LLC, No. 1:13-cv-02025-RMC (D.D.C. filed Dec. 19, 2013), Complaint and Final Consent Judgment and Order entered Feb. 26, 2014, with exhibits and servicing standards.

6. State of Alabama, State of New Jersey, et al. v. PHH Mortgage Corporation, No. 1:18-cv-00009-TFH (D.D.C.), Complaint filed Jan. 3, 2018, and Consent Judgment entered May 10, 2018.

7. State of Alabama, State of New Jersey, et al. v. Nationstar Mortgage LLC, d/b/a Mr. Cooper, No. 1:20-cv-03551-JEB (D.D.C.), Complaint and Consent Judgment filed in December 2020.

8. Final Consent Judgment, Attorney General of the State of New Jersey and Division of Consumer Affairs v. Lender Processing Services, Inc., LPS Default Solutions, Inc., and DocX, LLC (N.J. Super. Ct., Ch. Div., Mercer Cty., entered Jan. 30, 2013), including stated document-remediation, reporting, and enforcement provisions.

9. Final Consent Decree, People of the State of Illinois v. Nationwide Title Clearing, Inc., No. 12 CH 03602 (Cir. Ct. Cook County, Ill., Chancery Div., entered Oct. 31, 2013).

10. Consent Order, In the Matter of PHH Mortgage Corporation (Attorney General of New Jersey and New Jersey Division of Consumer Affairs, entered Dec. 4, 2013).

11. Florida Office of the Attorney General, Economic Crimes Division, Unfair, Deceptive and Unconscionable Acts in Foreclosure Cases (2010), including the record submitted as Appendix G in Florida Supreme Court Case No. SC17-1719 (filed Oct. 20, 2017).

12. Bureau of Consumer Financial Protection v. Nationstar Mortgage LLC, d/b/a Mr. Cooper, No. 1:20-cv-03550-JEB (D.D.C. complaint filed Dec. 7, 2020), and Stipulated Final Judgment and Order entered Dec. 8, 2020.

13. U.S. Department of Justice materials concerning United States of America v. Lorraine Brown and the DocX, LLC/Lender Processing Services document-fraud matter, including the plea announcement, sentence announcement, LPS non-prosecution agreement, and associated Statement of Facts (2012-2013).

14. New Jersey Fair Foreclosure Act, P.L.1995, c.244 (C.2A:50-53 et seq.); New Jersey Residential Mortgage Lending Act, P.L.2009, c.53 (C.17:11C-51 et seq.); and New Jersey Consumer Fraud Act, P.L.1960, c.39 (C.56:8-1 et seq.).

15. In the Matter of MERSCORP, Inc., and Mortgage Electronic Registration Systems, Inc., Consent Order No. 2011-044 (OCC, Board of Governors, FDIC, OTS, and FHFA, Apr. 13, 2011).

16. Mortgage Electronic Registration Systems, Inc. v. Nebraska Department of Banking and Finance, 704 N.W.2d 784 (Neb. 2005).

17. Certification of Mortgage Electronic Registration Systems, Inc. in Response to Administrative Order 01-2010, In the Matter of Residential Mortgage Foreclosure Pleading and Document Irregularities, Docket No. F-238-11 (filed Feb. 11, 2011) (Brandie H. Peeples Certification).

18. 15 U.S.C. s.1641(f), Treatment of Servicer; and 15 U.S.C. s.1641(g), Notice of New Creditor.

19. Drafting accuracy note: Civil complaints are cited for allegations rather than adjudicated findings. Consent judgments, consent orders, and consent decrees are cited for their stated terms and may resolve claims without admissions, trial, or adjudication. Agency reports and investigative materials are cited as public records supporting prospective policy safeguards, not as judicial findings in an individual foreclosure case. The 2011 MERS consent order states that MERS and MERSCORP neither admitted nor denied the agencies' findings. The Nebraska decision applied Nebraska law, and the MERS certification represents the declarant's statements in a New Jersey filing.