

WFG Underwriting Bulletin



To: All New Jersey Policy Issuing Agents of WFG National Title Insurance Company
From: WFG Underwriting Department
Date: July 16, 2024
Bulletin No: NJ 2024-05
Subject: Insuring Titles Derived Through Tax Sale Foreclosures – New Legislation and Updated Underwriting Requirements

In our previous bulletin, [New Jersey Underwriting Bulletin NJ 2024-01](#), we revised our underwriting requirements for insuring any titles derived through any type of tax sale foreclosure in light of recent New Jersey Appellate Division* and US Supreme Court decisions. In response to these high court decisions, on July 10, 2024, New Jersey's governor signed into law P.L. 2024 c. 39 (A3772/S2334). This new law revises the tax sale laws in an attempt to bring them into compliance with the recent court decisions and has compelled WFG to once again revise our underwriting requirements for these transactions.

Effective Date:

The effective date is July 10, 2024 and it applies to all tax sale foreclosure actions in which a final judgment has not been entered as of that date.

How it's different from what we're used to:

Among other changes, this new law now allows the property owner to demand, by written request to the NJ Superior Court, ***before the date that final judgment is entered***, that the holder of the tax sale certificate proceed to foreclose in the same manner as a mortgage foreclosure action by using a judicial/sheriff's sale, or in the alternative, through an ***Internet Auction*** also through the County Sheriff's office. There's something new!

What happens if no written demand is made?: If neither a judicial sale nor an Internet Auction is demanded as mentioned above, the tax sale certificate holder may proceed without a judicial sale or an Internet Auction, and the foreclosed owners shall have no claim against the tax sale certificate holders for any equity in the property.

What does the successful bidder receive after the Sheriff's Sale or Internet Auction?

Title will vest in the successful bidder (or the tax sale certificate holder if no one else bids) through a Sheriff's Deed in the same manner as in a mortgage foreclosure action. If surplus funds are generated from the sale, there is a procedure in the statutes and NJ Rules of Court for the property owner or other foreclosed parties to make application for the funds.

NOTE: The information contained in this Bulletin is intended solely for the use of employees of WFG National Title Insurance Company, its title insurance agents and approved attorneys. Disclosure to any other person is expressly prohibited unless approved in writing by the WFG National Title Insurance Company's Underwriting Department.

The Agent may be held responsible for any loss sustained as a result of the failure to follow the standards set forth above.

Underwriting Requirements:

The following must be complied with until further notice by WFG:

1. WFG will not insure titles derived through any type of tax sale foreclosure during the statutory 3-month redemption periods under NJSA 54:5-87 (3 months from the date of the judgment in in-person actions) or under NJSA 54:5-104.67 (3 months from the date of the recording in the county recording office in in-rem actions).
2. An Abstract of Proceedings, (a/k/a “Chancery Abstract”) is required for any transaction where any type of tax sale foreclosure, and/or mortgage foreclosure, is found in the chain of title within the last 20 years. If more than 1 foreclosure action is found, only the most recent foreclosure action must be searched.
3. For transactions where a Final Judgment in tax foreclosure was entered **prior to** the effective date of this new law, July 10, 2024, please refer to the previous guidance provided in [New Jersey Underwriting Bulletin NJ 2024-01](#).
4. For transactions where the Final Judgment in tax foreclosure was entered on **July 10, 2024 or after and either a Judicial Sale or Internet Auction was held**, then you may insure by complying with the same underwriting requirements and guidelines as are imposed by WFG in a mortgage foreclosure transaction. Meaning, you must obtain a Chancery Abstract search and other customary searches as usual and contact underwriting with any concerns if any “Notes” or other irregularities appear in the search. Any applicable Exceptions regarding interests of the United States must be included. **If an Internet Auction was held and interests of the United States appear, please contact WFG Underwriting prior to proceeding.**
5. For transactions where the Final Judgment in tax foreclosure was entered **on July 10, 2024 or after but no Judicial Sale or Internet Auction was held**, you must obtain prior approval to insure from WFG Underwriting.

*It should be noted that the NJ Appellate Court decision that prompted this legislation has been appealed to the NJ Supreme Court so this is a fluid situation that may be need to be revised again depending on the final rulings by that Court.

This Bulletin supersedes and replaces [Bulletin NJ 2016-08: Insuring Title Derived through Tax Sale Foreclosures – Underwriting Requirements](#)

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