



State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
LEGISLATIVE AND REGULATORY AFFAIRS
PO Box 325
TRENTON, NJ 08625-0325

JON S. CORZINE
Governor

STEVEN M. GOLDMAN
Commissioner

TEL (609) 984-3602
FAX (609) 292-0896

BULLETIN NO. 09-10

TO: All New Jersey Chartered Banks, Savings Banks, Savings and Loan Associations and Credit Unions,

All Entities in the Business of Making or Purchasing Mortgage Loans

FROM: Steven M. Goldman, Commissioner

RE: Obligation to Cancel or Discharge Mortgages

It has come to the attention of the Department of Banking and Insurance (Department) that there have been a number of instances where mortgagees have failed to cause mortgages to be cancelled of record or discharged in a timely fashion after payment. This Bulletin is being issued in an effort to assist mortgagees and their assigns in fulfilling their legal obligations to take prompt action to discharge or cancel a mortgage of record upon their receipt of full payment from the mortgagor.

Pursuant to N.J.S.A. 46:18-11.2 et seq., a mortgagee must cause a mortgage to be cancelled or discharged **within thirty (30) days of payment**. If the mortgagee, his agent or assigns fails to comply, the borrower may serve the mortgagee or his assigns with a notice of non-compliance. The mortgagee or assigns must cause the mortgage to be cancelled or discharged within fifteen (15) business days after the receipt of such a notice, or be subject to a fine of **\$50.00 per day** (up to a maximum of \$1,000.00). In addition, the mortgagee may be liable to the borrower for damages, **including attorneys' fees**, if the borrower is compelled to bring suit to have the mortgage cancelled of record or discharged.

04/08/09
Date

/s/ Steven M. Goldman
Steven M. Goldman
Commissioner

FOS09-01th/inoord