<u>NJ 20 YEAR LIMITATIONS PERIOD APPLIES TO ACCELERATED RESIDENTIAL MORTGAGE LOANS</u>

In a decision approved for publication, New Jersey's Appellate Division recently made clear for all that the six-year statute of limitations set forth in N.J.S.A. 2A:50-56.1 runs from the stated maturity date in a residential mortgage and not upon the acceleration of the loan after the borrowers' default. <u>See</u> <u>Deutsche Bank Tr. Co. Americas as Tr. for Residential Accredit Loans, Inc. v. Weiner</u>, 2018 WL 5831060 (N.J. Super. Ct. App. Div. Nov. 8, 2018). In the case, defendants borrowed $657,500 in 2005, and the loan was secured by a mortgage on their home. The loan was scheduled to mature in June 2035. Defendants defaulted on the loan in 2009 and, after four discontinued foreclosure actions, plaintiff brought this action in 2016. Defendants argued that their 2009 default triggered the acceleration of the loan, which meant that the six-year limitations period applied. The trial court granted plaintiff's motion for summary judgment denying, among other defenses, the statute of limitations defense.

On appeal, the Court affirmed the lower court's decision and held that the applicable statute of limitations for this default was 20 years. This is because N.J.S.A. 2A:50-56.1 provides that a residential foreclosure action must be commenced by the earliest of: (a) six years from "the date fixed for the making of the last payment or the maturity date set forth in the mortgage or the note"; (b) 36 years from the date the mortgage was recorded or, if not recorded, from the date of execution; or (c) 20 years "from the date on which the debtor defaulted, which default has not been cured." The Court held that "[t]o interpret subsection (a) as triggering the same event encompassed by subsection (c) would wreak havoc with the clearly delineated provisions of N.J.S.A. 2A:50-56.1. We refuse to inject such confusion into what the Legislature carefully planned when it adopted this multi-part statute of limitations." The Court, therefore, found that accelerating the loan did not give rise to the six-year period as the statute clearly stated that it only barred actions brought more than six years from "the maturity date set forth in the mortgage or the note," which in this case was June 2035. Accordingly, the Court found that the 20-year period applies and the action was not barred.