Non-Assignability Statement and Disclosure to Non-Police and Firemen's Retirement System Members Who Sign the Mortgage

The Legislation that authorizes the Police and Firemen's Retirement System (PFRS) Mortgage Loan Program states that: "No mortgage loan made pursuant to the provisions of this act shall be sold, transferred or assigned to any person, nor shall the payments with respect to any mortgage loan so made be assumed by any person other than the member to whom that loan was made, except that in the event of death of a member, the mortgage may be assignable to a surviving spouse if the spouse is the sole heir to the property." (N.J.S.A. 43:16A-16.11d)

It has been the practice of the PFRS Mortgage Program to permit non-member spouses to be on the mortgage documents generally, and to permit non-spouses to participate as mortgagors in order income-qualify for the mortgage. However, such co-borrowers should be made aware that any person on a PFRS mortgage who is not the lawful spouse (or lawful domestic partner under New Jersey Domestic Partners Law) of the PFRS member cannot assume the PFRS mortgage in the event that the PFRS member dies or simply no longer resides in the property.

The Rider to the PFRS Mortgage states that the requirements of the PFRS Act (which includes N.J.S.A. 43:16A-16.11d among other things) prevails over documents that contain conflicting provisions. For example, a grant in a deed to "A & B, as joint tenants with rights of survivorship" would be improper and unenforceable by the non-member co-mortgagor.

This means that ex-spouses in the event of divorce and non-sole heir surviving spouses in the event of the PFRS member's death are ineligible to assume the PFRS mortgage and that the mortgage will become due and payable.

Each of the undersigned acknowledges that he/she has read this disclosure and understands that this mortgage is not assignable by the PFRS member, except to a surviving spouse (or lawful domestic partner under the New Jersey Domestic Partners Law) who is the sole heir to the property.

X_____ _____
PFRS Member Signature **Date**

X_____ _____
Non-PFRS Member Signature **Date**

X_____ _____
Non-PFRS Member Signature **Date**