

First Jersey Title Reports

*a periodic newsletter from First Jersey
to keep you up to date with the changes in Title Services.*

Fall 2001

JUDGMENT FOR CHILD SUPPORT LIEN AGAINST NET PROCEEDS OF SETTLEMENT PRIORITY

A new law (P.L.2000, Chapter 81; N.J.S.A. 2A:17-56.23b) was approved and became effective on August 14, 2000 (copy attached). This law creates a lien in favor of child support judgment creditors on sums due from certain sources including judgments, inheritances and settlements on payments owing to, or to be collected by, the child support debtor. Proceeds of \$2,000 or less are exempt from the provision of this act. The law provides for searches by a private search service, to determine the existence of such child support judgment lien on the proceeds in question.

When a distribution in excess of \$2,000 is made pursuant to a judgment or inheritance and certain other enumerated sources of money, the beneficiary of the distribution must be searched for child support liens and judgments. Any Child Support Obligation must be paid before the distribution of proceeds to the person otherwise entitled thereto. If any of the judgments shown in a commitment are against the parties to the transaction and if the judgment creditor is an individual, a New Jersey Superior Court judgment search must be obtained to determine whether the Judgment Creditor is subject to any Child Support Obligation.

Payment of a judgment creditor's child support obligation from proceeds does not omit or modify the requirement that the judgment itself be satisfied of record by a properly executed and filed warrant of satisfaction.

To avoid potential problems at closing, please forward a copy of the judgment search to the seller and/or your client for review as soon as possible. If a judgment affects subject premises and the creditor falls under the above circumstances, please contact our office and an additional judgment search will be ordered. Please do not hesitate to call with any questions or concerns.