

WHEN IS A MORTGAGE ASSIGNMENT A SATISFACTION? *Valley Nat'l Bank v. Meier*

In 1999 Ronald Meier, president and board chairman of Community Bank of Bergen County [CBBC], obtained a \$168,000 loan from the bank, which was secured by a mortgage on his home in Ventnor. In 2005, Meier obtained a \$100,000 line of credit from Valley National Bank [VNB], also secured by a mortgage on his home. In 2007, Meier repaid the CBBC loan, but instead of a discharge or satisfaction-piece, the bank provided him with an assignment, which he then recorded.

Meier later defaulted on the VNB mortgage, and in 2009, VNB filed a foreclosure suit. VNB was the successful bidder at the eventual sheriff's sale in 2013. Thereafter, Meier demanded payment of the sum of \$149,838 from VNB, presumably representing the amount due on the CBBC mortgage when paid by Meier in 2007. In the ensuing litigation, Meier took the position that since he had obtained an assignment (rather than a discharge) of the mortgage, it represented a valid and subsisting lien superior to that held by VNB, which survived the foreclosure of VNB's mortgage.

The Chancery Division granted the relief sought by VNB and held that Meier had no interest in the realty. The Appellate Division affirmed in an opinion by Judge Fisher. *Valley National Bank v. Meier*, 437 N.J. Super. 401 (App. Div. 2014). The panel found that under the circumstances, "...satisfaction of the debt underlying the 1999 mortgage caused a merger of that mortgage with [Meier's] ownership of the fee. Stated another way, absent [the parties'] contrary intention, merger is presumed when the greater and lesser interests in property are joined in the same person or entity." *Id.* at 408. In sum, the assignment in this instance was the equivalent of a discharge or satisfaction of the BCCB mortgage.



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