

ASSEMBLY, No. 5595

STATE OF NEW JERSEY

220th LEGISLATURE

INTRODUCED JUNE 5, 2023

Sponsored by:

Assemblywoman YVONNE LOPEZ

District 19 (Middlesex)

SYNOPSIS

Expands New Jersey Residential Foreclosure Prevention Program.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT expanding the New Jersey Residential Foreclosure
2 Prevention Program and amending and supplementing P.L.2021,
3 c.34.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. Section 3 of P.L.2021, c.34 (C.55:14K-96) is amended to read
9 as follows:

10 3. As used in P.L.2021, c.34 (C.55:14K-94 et al.):

11 "Agency" means the New Jersey Housing and Mortgage Finance
12 Agency established pursuant to section 4 of P.L.1983, c.530
13 (C.55:14K-4).

14 "Community development corporation" means a nonprofit
15 community development corporation established pursuant to Title
16 15 or 15A of the Revised Statutes of New Jersey, or other law of
17 this State, with a focus on producing and operating affordable
18 housing or housing with on-site social services for individuals with
19 special needs.

20 "Community development financial institution" means an entity
21 designated and certified by the United States Department of the
22 Treasury as a Community Development Financial Institution
23 pursuant to 12 CFR Part 1805.

24 **["Contractor"]** "Foreclosure intervention contractor" means a
25 **[qualified]** community development financial institution or other
26 non-profit entity with experience conducting dwelling
27 rehabilitation, mortgage servicing and underwriting, financing and
28 acquisition of real estate for affordable housing, or community
29 development work that enters into a contract or loan with the
30 agency pursuant to section 5 of P.L.1983, c.530 (C.55:14K-5).

31 "Eligible property" means any residential property or mortgage
32 note that is owned by an institutional lender as the result of a
33 mortgage foreclosure judgment or a deed in lieu of foreclosure, is
34 by a municipality as the result of a tax foreclosure judgment or is
35 subject to a nonperforming loan from an institutional lender.

36 **["Fund"]** means the Foreclosure Intervention Fund, established
37 pursuant to section 4 of P.L.2021, c.34 (C.55:14K-97).**】**

38 "Institutional lender" or "lender" means any lawfully constituted
39 mortgage lender, mortgage investor, or mortgage loan servicer that
40 owns an eligible property, including, but not limited to, any agency
41 or instrumentality of the United States or the State, including, but
42 not limited to, the Government National Mortgage Association, the
43 Federal Home Loan Mortgage Corporation, the Federal National
44 Mortgage Association, the Federal Housing Administration, the

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 Small Business Administration, the Resolution Funding
2 Corporation, and the Federal Deposit Insurance Corporation.

3 **["Intercreditor agreement" means an agreement among creditors
4 that sets forth the various lien positions and the rights and liabilities
5 of each creditor and its impacts on the other creditors.】**

6 "Program" means the "New Jersey Residential Foreclosure
7 Prevention Program" established pursuant to section 4 of P.L.2021,
8 c.34 (C.55:14K-97).

9 **["Qualified community development financial institution" means
10 a community development financial institution that has a minimum
11 of \$50,000,000 in assets and a minimum of two years' experience in
12 the financing and acquisition of real estate for affordable housing.】**

13 "Rehabilitation" means the repair, reconstruction, or renovation
14 of the interior or exterior of a residential dwelling which renders a
15 previously vacant and abandoned dwelling safe, sanitary, and
16 decent for residential purposes.

17 "Vacant and abandoned" means the same as the term is defined
18 under subsections a. and b. of section 1 of P.L.2012, c.70 (C.2A:50-
19 73).

20 (cf: P.L.2021, c.34, s.3)

21
22 2. Section 4 of P.L.2021, c.34 (C.55:14K-97) is amended to read
23 as follows:

24 4. a. There is established in the agency the "New Jersey
25 Residential Foreclosure Prevention Program," which shall be
26 subject to the powers of the agency, as designated pursuant to
27 section 5 of P.L.1983, c.530 (C.55:14K-5). The goal of the
28 program is to ensure that loss mitigation and foreclosure prevention
29 measures are taken on eligible properties. Either directly, or
30 through its foreclosure intervention contractors, the agency may
31 purchase eligible properties and mortgage assets in furtherance of
32 this goal, pursuant to section 5 of P.L.2021, c.34 (C.55:14K-98).

33 b. The agency in furtherance of the program may enter into
34 contracts with any person, corporation, or entity which the agency
35 determines to be necessary or appropriate to carry out its
36 responsibilities under P.L.2021, c.34 (C.55:14K-94 et al.). Such
37 contracts shall be subject to the procedures adopted pursuant to
38 section 5 of P.L.2021, c.34 (C.55:14K-98). All contracts entered
39 into in furtherance of the program shall be governed by the laws of
40 the State and shall provide for indemnification of the agency.

41 c. In carrying out the agency's duties under P.L.2021, c.34
42 (C.55:14K-94 et al.), the agency may employ the consulting
43 services of real estate and loan portfolio asset management firms,
44 property management firms, auction marketing firms, brokerage
45 services firms, appraisers, and such other consultants and
46 employees required in the judgment of the agency, notwithstanding
47 the provisions of Title 11A of the New Jersey Statutes.

1 d. Within 180 days following the enactment of P.L.2021, c.34
2 (C.55:14K-94 et al.), the agency shall adopt a funding plan for the
3 program utilizing the Foreclosure Intervention Fund established
4 pursuant to section 6 of P.L.2021, c.34 (C.55:14K-99). The agency
5 may directly fund the program through revenue generated by the
6 **fund** Foreclosure Intervention Fund. The agency shall have the
7 authority to alter its funding plan as the Executive Director of the
8 agency deems necessary. The funding plan shall include, but not be
9 limited to, program revenue, expected expenditures and projections
10 for the acquisition of foreclosed residential properties or mortgage
11 assets.

12 e. Within 180 days following the enactment of
13 P.L. , c. (C.) (pending before the Legislature as this bill),
14 the agency shall amend the funding plan for the program to
15 incorporate the utilization of the “Foreclosure Rehabilitation Fund”
16 established pursuant to section 5 of P.L. , c. (C.) (pending
17 before the Legislature as this bill). The agency may directly fund
18 the purchase and rehabilitation of vacant and abandoned eligible
19 property through revenue generated by the Foreclosure
20 Rehabilitation Fund. The funding plan shall include, but not be
21 limited to, program revenue, expected expenditures and projections
22 for the acquisition and rehabilitation of vacant and abandoned
23 eligible properties or mortgage assets.

24 (cf: P.L.2021, c.34, s.4)

25

26 3. Section 5 of P.L.2021, c.34 (C.55:14K-98) is amended to read
27 as follows:

28 5. a. (1) The agency may enter into contracts or loans, or both,
29 with **no more than two qualified community development financial**
30 **institutions** one or more foreclosure intervention contractors to
31 negotiate, bid for, and purchase eligible properties and mortgage
32 assets for the purpose of facilitating the program. In selecting
33 foreclosure intervention contractors **from among qualified**
34 **community development financial institutions**, the agency shall
35 accord a strong preference to **qualified community development**
36 **financial institutions** entities that have substantial experience in
37 **lending in the State** and substantial knowledge of the State's real
38 estate markets. **The agency may enter into contracts or loans, or**
39 **both, with a partnership or consortia of organizations, as long as a**
40 **qualified community development financial institution is the lead**
41 **entity, or a partnership or consortia of multiple qualified community**
42 **development financial institutions.**

43 (2) Should the agency contract with a **community development**
44 **financial institution** foreclosure intervention contractor for the
45 purposes of section 5 of P.L.2021, c.34 [(C.55:14K-94 et al.)]
46 (C.55:14K-98), the contract shall specify the amounts, schedules,
47 and types of funding to be provided by the agency to the **qualified**

1 community development financial institution】 foreclosure
2 intervention contractor, the repayment schedule for the portion of
3 that funding to be repaid, and targeted goals for homeowner
4 interventions. The agency may condition funding and goals upon
5 the availability of funds to the program. The contract shall specify
6 reasonable administrative costs sufficient to enable the 【qualified
7 community development financial institution】 foreclosure
8 intervention contractor to exercise its obligations pursuant to
9 P.L.2021, c.34 (C.55:14K-94 et al.). The contract shall set forth
10 criteria for instances when the purchase, sale, lease, and conveyance
11 of properties furthers the purposes of P.L.2021, c.34 (C.55:14K-94
12 et al.).

13 b. All purchases, sales, leases, and conveyances of property by
14 【qualified community development financial institutions】
15 foreclosure intervention contractors exercised pursuant to this
16 section shall be deemed to lessen the burdens of government in
17 furthering the purposes of P.L.2021, c.34 (C.55:14K-94 et al.).
18 (cf: P.L.2021, c.34, s.5)

19
20 4. Section 6 of P.L.2021, c.34 (C.55:14K-99) is amended to read
21 as follows:

22 6. a. There is established within the agency a Foreclosure
23 Intervention Fund, which shall be a non-lapsing, revolving fund and
24 which shall be the repository for funds appropriated or otherwise
25 made available for the purposes of P.L.2021, c.34 (C.55:14K-94 et
26 al.), and any interest earned thereon. The 【fund】 Foreclosure
27 Intervention Fund shall be administered by the agency, in
28 accordance with its authority under section 5 of P.L.1983, c.530
29 (C.55:14K-5) to manage funds for housing programs.

30 b. The agency may transfer into the 【fund】 Foreclosure
31 Intervention Fund any amounts held or received by the agency that
32 are needed by the agency or its foreclosure intervention contractors
33 for the purchase of eligible property.

34 c. The agency may use annually up to five percent of the
35 monies available in the 【fund】 Foreclosure Intervention Fund for
36 the payment of any necessary administrative costs related to the
37 administration of the program.

38 d. Revenue generated through the mechanisms established
39 pursuant to N.J.S.2A:17-38 exceeding the funding plan developed
40 pursuant to 【subsection】 subsections d. and e. of section 4 of
41 P.L.2021, c.34 (C.55:14K-97) may be appropriated by the agency
42 for additional foreclosure prevention programs.

43 (cf: P.L.2021, c.34, s.6)

44

45 5. (New section) a. There is established within the agency a
46 separate, non-lapsing, revolving fund designated as the Foreclosure
47 Rehabilitation Fund which shall be the repository for funds

1 appropriated or otherwise made available to the agency for the
2 purchase and rehabilitation of vacant and abandoned eligible
3 property pursuant to P.L.2021, c.34 (C.55:14K-94 et al.), and any
4 interest earned thereon. The Foreclosure Rehabilitation Fund shall
5 be administered by the agency, in accordance with its authority
6 under section 5 of P.L.1983, c.530 (C.55:14K-5) to manage funds
7 for housing programs.

8 b. The agency may transfer into the Foreclosure Rehabilitation
9 Fund any amounts held by the agency in the Foreclosure
10 Intervention Fund that are needed by the agency or its contractors
11 for the purchase and rehabilitation of vacant and abandoned eligible
12 property.

13 c. Revenue generated through the resale of rehabilitated
14 previously vacant and abandoned eligible property shall be
15 deposited into the Foreclosure Rehabilitation Fund for the purposes
16 of the Foreclosure Rehabilitation Fund.

17 d. Revenue generated through the mechanisms established
18 pursuant to N.J.S.2A:17-38 exceeding the funding plan developed
19 pursuant to subsections d. and e. of section 4 of P.L.2021, c.34
20 (C.55:14K-97) may be reallocated by the agency for additional
21 foreclosure prevention programs.

22
23 6. (New section) A prospective homebuyer enrolled in another
24 home buying assistance program administered by the agency shall
25 receive priority consideration in the purchase of a residential
26 property which has been purchased and rehabilitated with funds
27 allocated from the Foreclosure Rehabilitation Fund established
28 pursuant to section 5 of P.L. . c. (C.) (pending before the
29 Legislature as this bill).

30
31 7. This act shall take effect immediately.
32
33

34 STATEMENT

35
36 This bill expands the New Jersey Residential Foreclosure
37 Prevention Program (“program”).

38 Specifically, the bill expands the eligibility of contractors for the
39 program to include non-profit organizations with experience in
40 dwelling rehabilitation and community development work.
41 Currently, the law restricts contractors to community development
42 financial institutions, as defined in N.J.S.A.55:14K-96. The bill
43 also permits the New Jersey Housing and Mortgage Finance
44 Agency (“agency”) to contract with more than two contractors, if
45 necessary.

46 Additionally, the bill establishes a separate revolving fund
47 designated as the Foreclosure Rehabilitation Fund to be the
48 repository for funds made available to the agency for the purchase

1 and rehabilitation of vacant and abandoned eligible property. The
2 bill provides that any revenue generated through the resale of
3 rehabilitated property is to be deposited back into the Foreclosure
4 Rehabilitation Fund for the fund's purposes.

5 The bill requires that prospective homebuyers using another
6 home buying assistance program administered by the agency, such
7 as down payment assistance or the first time homebuyers mortgage
8 program, receive priority consideration in the resale of a residential
9 property that has been purchased and rehabilitated with funds from
10 the Foreclosure Rehabilitation Fund.