

[First Reprint]

ASSEMBLY, No. 5595

STATE OF NEW JERSEY

220th LEGISLATURE

INTRODUCED JUNE 5, 2023

Sponsored by:

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Assemblyman BENJIE E. WIMBERLY

District 35 (Bergen and Passaic)

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District 7 (Burlington)

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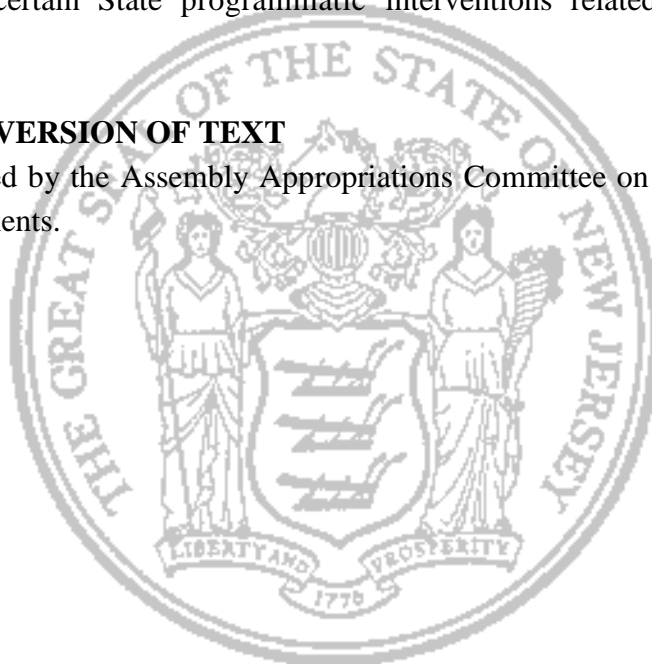
Assemblywomen Jasey, Speight, McKnight and Senator Pou

SYNOPSIS

Expands certain State programmatic interventions related to residential foreclosures.

CURRENT VERSION OF TEXT

As reported by the Assembly Appropriations Committee on June 22, 2023, with amendments.



(Sponsorship Updated As Of: 6/30/2023)

1 AN ACT expanding ¹**the New Jersey Residential Foreclosure**
 2 **Prevention Program** certain State programmatic interventions
 3 related to residential foreclosures¹ and amending and
 4 supplementing P.L.2021, c.34.

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

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

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

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

15 "Community development corporation" means a nonprofit
 16 community development corporation established pursuant to Title 15
 17 or 15A of the Revised Statutes of New Jersey, or other law of this
 18 State, with a focus on producing and operating affordable housing or
 19 housing with on-site social services for individuals with 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 pursuant
 23 to 12 CFR Part 1805.

24 **["Contractor"]** "Foreclosure intervention contractor" ¹or
 25 "contractor"¹ means a **[qualified]** community development financial
 26 institution or other non-profit entity with experience conducting
 27 dwelling rehabilitation, mortgage servicing and underwriting,
 28 financing and acquisition of real estate for affordable housing, or
 29 community development work that enters into a contract or loan with
 30 the 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 mortgage
 33 foreclosure judgment or a deed in lieu of foreclosure, is ¹owned¹ by a
 34 municipality as the result of a tax foreclosure judgment or is subject to
 35 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 ¹"Fund" means the Foreclosure Intervention Fund, established
 39 pursuant to section 6 of P.L.2021, c.34 (C.55:14K-99).¹

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

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AAP committee amendments adopted June 22, 2023.

1 Mortgage Association, the Federal Housing Administration, the Small
2 Business Administration, the Resolution Funding Corporation, and the
3 Federal Deposit Insurance Corporation.

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

7 "Program" means the "New Jersey Residential Foreclosure
8 ¹Intervention Program," initially established as the "New Jersey
9 Residential Foreclosure¹ Prevention Program" ¹**【established】¹**
10 pursuant to section 4 of P.L.2021, c.34 (C.55:14K-97) ¹, and amended
11 pursuant to P.L. , c. (C.) (pending before the Legislature as
12 this bill)¹.

13 **["Qualified community development financial institution" means a**
14 **community development financial institution that has a minimum of**
15 **\$50,000,000 in assets and a minimum of two years' experience in the**
16 **financing and acquisition of real estate for affordable housing.】**

17 "Rehabilitation" means the repair, reconstruction, or renovation of
18 the interior or exterior of a residential dwelling which renders ¹【a
19 previously vacant and abandoned】 the¹ dwelling safe, sanitary, and
20 decent for residential purposes.

21 "Vacant and abandoned" means the same as the term is defined
22 under subsections a. and b. of section 1 of P.L.2012, c.70 (C.2A:50-
23 73).

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

25
26 2. Section 4 of P.L.2021, c.34 (C.55:14K-97) is amended to read
27 as follows:

28 4. a. There is established in the agency the "New Jersey
29 Residential Foreclosure ¹**【Prevention】** Intervention¹ Program," which
30 shall be subject to the powers of the agency, as designated pursuant to
31 section 5 of P.L.1983, c.530 (C.55:14K-5). The ¹**【goal】** goals¹ of the
32 program ¹**【is】** are¹ to ensure that ¹**【loss mitigation and foreclosure**
33 **prevention measures are taken on eligible properties. Either directly,**
34 **or through its foreclosure intervention contractors, the agency may**
35 **purchase eligible properties and mortgage assets in furtherance of this**
36 **goal, pursuant to section 5 of P.L.2021, c.34 (C.55:14K-98)】 :**

37 (1) loss mitigation and foreclosure prevention measures are taken
38 on eligible properties; and

39 (2) eligible properties that are vacant and abandoned are purchased
40 and rehabilitated.¹

41 b. The agency in furtherance of the program may enter into
42 contracts with any person, corporation, or entity which the agency
43 determines to be necessary or appropriate to carry out its
44 responsibilities under P.L.2021, c.34 (C.55:14K-94 et al.). Such
45 contracts shall be subject to the procedures adopted pursuant to section
46 5 of P.L.2021, c.34 (C.55:14K-98). All contracts entered into in

1 furtherance of the program shall be governed by the laws of the State
2 and shall provide for indemnification of the agency.

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

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

20 e. Within 180 days following the enactment of
21 P.L. , c. (C.) (pending before the Legislature as this bill), the
22 agency shall amend the funding plan for the program to incorporate
23 ¹[the utilization of the "Foreclosure Rehabilitation Fund"] new
24 programmatic elements¹ established pursuant to ¹[section 5 of]¹
25 P.L. , c. (C.) (pending before the Legislature as this bill).
26 ¹[The agency may directly fund the purchase and rehabilitation of
27 vacant and abandoned eligible property through revenue generated by
28 the Foreclosure Rehabilitation Fund.]¹ The funding plan shall
29 include, but not be limited to, program revenue, expected expenditures
30 and projections for the acquisition and rehabilitation of vacant and
31 abandoned eligible properties or mortgage assets.

32 ¹f. Either directly, or through its foreclosure intervention
33 contractors, the agency may, pursuant to section 5 of P.L.2021, c.34
34 (C.55:14K-98), purchase eligible properties and mortgage assets in
35 furtherance of the goals described in subsection a. of this section.¹
36 (cf: P.L.2021, c.34, s.4)

37
38 3. Section 5 of P.L.2021, c.34 (C.55:14K-98) is amended to read
39 as follows:

40 5. a. (1) The agency may enter into contracts or loans, or both,
41 with **[no more than two qualified community development financial**
42 **institutions]** one or more foreclosure intervention contractors to
43 negotiate, bid for, and purchase eligible properties and mortgage
44 assets for the purpose of facilitating the program. In selecting
45 foreclosure intervention contractors **[from among qualified**
46 **community development financial institutions]**, the agency shall
47 accord a strong preference to **[qualified community development**

1 financial institutions】 entities that have substantial experience in
 2 【lending in the State】 and substantial knowledge of the State's real
 3 estate markets. 【The agency may enter into contracts or loans, or
 4 both, with a partnership or consortia of organizations, as long as a
 5 qualified community development financial institution is the lead
 6 entity, or a partnership or consortia of multiple qualified community
 7 development financial institutions.】

8 (2) Should the agency contract with a 【community development
 9 financial institution】 foreclosure intervention contractor for the
 10 purposes of section 5 of P.L.2021, c.34 【(C.55:14K-94 et al.)】
 11 (C.55:14K-98), the contract shall specify the amounts, schedules,
 12 and types of funding to be provided by the agency to the 【qualified
 13 community development financial institution】 foreclosure
 14 intervention contractor, the repayment schedule for the portion of
 15 that funding to be repaid, and targeted goals for homeowner
 16 interventions. The agency may condition funding and goals upon
 17 the availability of funds to the program. The contract shall specify
 18 reasonable administrative costs sufficient to enable the 【qualified
 19 community development financial institution】 foreclosure
 20 intervention contractor to exercise its obligations pursuant to
 21 P.L.2021, c.34 (C.55:14K-94 et al.). The contract shall set forth
 22 criteria for instances when the purchase, sale, lease, and conveyance
 23 of properties furthers the purposes of P.L.2021, c.34 (C.55:14K-94
 24 et al.).

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

31
 32 4. Section 6 of P.L.2021, c.34 (C.55:14K-99) is amended to read
 33 as follows:

34 6. a. There is established within the agency a Foreclosure
 35 Intervention Fund, which shall be a non-lapsing, revolving fund and
 36 which shall be the repository for funds appropriated or otherwise made
 37 available for the purposes of P.L.2021, c.34 (C.55:14K-94 et al.), and
 38 any interest earned thereon. The 【fund】 ¹【Foreclosure Intervention
 39 Fund】 fund¹ shall be administered by the agency, in accordance with
 40 its authority under section 5 of P.L.1983, c.530 (C.55:14K-5) to
 41 manage funds for housing programs.

42 b. The agency may transfer into the 【fund】 ¹【Foreclosure
 43 Intervention Fund】 fund¹ any amounts held or received by the agency
 44 that are needed by the agency or its foreclosure intervention
 45 contractors for the purchase ¹or rehabilitation¹ of eligible property
 46 ¹pursuant to P.L.2021, c.34 (C.55:14K-94 et al.)¹.

1 c. The agency may use annually up to five percent of the monies
2 available in the **fund** ¹**Foreclosure Intervention Fund** fund¹ for the
3 payment of any necessary administrative costs related to the
4 administration of the program.

5 d. Revenue generated through the mechanisms established
6 pursuant to N.J.S.2A:17-38 exceeding the funding plan developed
7 pursuant to **subsection** ¹**subsections** subsection¹ d. ¹**and e.**¹ of
8 section 4 of P.L.2021, c.34 (C.55:14K-97) may be appropriated by the
9 agency for additional foreclosure prevention programs.

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

11
12 ¹**5.** (New section) a. There is established within the agency a
13 separate, non-lapsing, revolving fund designated as the Foreclosure
14 Rehabilitation Fund which shall be the repository for funds
15 appropriated or otherwise made available to the agency for the
16 purchase and rehabilitation of vacant and abandoned eligible
17 property pursuant to P.L.2021, c.34 (C.55:14K-94 et al.), and any
18 interest earned thereon. The Foreclosure Rehabilitation Fund shall
19 be administered by the agency, in accordance with its authority
20 under section 5 of P.L.1983, c.530 (C.55:14K-5) to manage funds
21 for housing programs.

22 b. The agency may transfer into the Foreclosure Rehabilitation
23 Fund any amounts held by the agency in the Foreclosure
24 Intervention Fund that are needed by the agency or its contractors
25 for the purchase and rehabilitation of vacant and abandoned eligible
26 property.

27 c. Revenue generated through the resale of rehabilitated
28 previously vacant and abandoned eligible property shall be
29 deposited into the Foreclosure Rehabilitation Fund for the purposes
30 of the Foreclosure Rehabilitation Fund.

31 d. Revenue generated through the mechanisms established
32 pursuant to N.J.S.2A:17-38 exceeding the funding plan developed
33 pursuant to subsections d. and e. of section 4 of P.L.2021, c.34
34 (C.55:14K-97) may be reallocated by the agency for additional
35 foreclosure prevention programs.¹

36
37 ¹**6.] 5.**¹ (New section) A prospective homebuyer enrolled in
38 another home buying assistance program administered by the
39 agency shall receive priority consideration in the purchase of a
40 residential property ¹**which** that¹ has been purchased and
41 rehabilitated with funds allocated from the Foreclosure
42 ¹**Rehabilitation** Intervention¹ Fund established pursuant to
43 section ¹**5** of P.L. . c. (C.) (pending before the Legislature
44 as this bill) ¹**6** of P.L.2021, c.34 (C.55:14K-99)¹.

45
46 ¹**7.] 6.**¹ This act shall take effect immediately.