

# SENATE, No. 4026

## STATE OF NEW JERSEY 220th LEGISLATURE

INTRODUCED JUNE 20, 2023

**Sponsored by:**

**Senator TROY SINGLETON**

**District 7 (Burlington)**

**Senator RENEE C. BURGESS**

**District 28 (Essex)**

**SYNOPSIS**

Expands New Jersey Residential Foreclosure Prevention Program.

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 6/27/2023)

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 P.L. , c. (C. )  
13 (pending before the Legislature as this bill), the agency shall amend  
14 the funding plan for the program to incorporate the utilization of the  
15 “Foreclosure Rehabilitation Fund” established pursuant to section 5  
16 of P.L. , c. (C. ) (pending before the Legislature as this bill).  
17 The agency may directly fund the purchase and rehabilitation of  
18 vacant and abandoned eligible property through revenue generated  
19 by the Foreclosure Rehabilitation Fund. The funding plan shall  
20 include, but not be limited to, program revenue, expected  
21 expenditures and projections for the acquisition and rehabilitation  
22 of vacant and abandoned eligible properties or mortgage assets.  
23 (cf: P.L.2021, c.34, s.4)

24  
25 3. Section 5 of P.L.2021, c.34 (C.55:14K-98) is amended to read  
26 as follows:

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

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