

[First Reprint]

**SENATE, No. 1446**

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**STATE OF NEW JERSEY**  
**221st LEGISLATURE**

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PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

**Sponsored by:**

**Senator M. TERESA RUIZ**

**District 29 (Essex and Hudson)**

**Senator TROY SINGLETON**

**District 7 (Burlington)**

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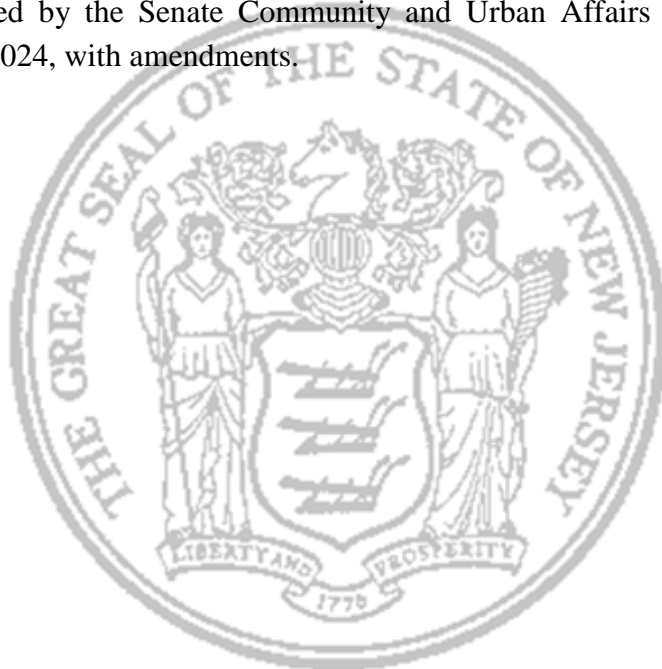
**Senator Moriarty**

**SYNOPSIS**

Modifies down payment assistance program for benefit of first-generation and first-time homebuyers.

**CURRENT VERSION OF TEXT**

As reported by the Senate Community and Urban Affairs Committee on January 25, 2024, with amendments.



**(Sponsorship Updated As Of: 2/12/2024)**

1 AN ACT concerning housing assistance for certain homebuyers and  
2 amending P.L.2023, c.78.

3

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

6

7 1. Section 1 of P.L.2023, c.78 (C.55:14K-104) is amended to  
8 read as follows:

9 1. As used in P.L.2023, c.78 (C.55:14K-104 et al.):

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

13 "Commissioner" means the Commissioner of Community  
14 Affairs.

15 "Department" means the Department of Community Affairs.

16 "Down payment assistance" or "assistance" means financial  
17 assistance for first-time homebuyers to acquire single-family  
18 housing for principal residence through the loan program.

19 "Executive director" means the Executive Director of the New  
20 Jersey Housing and Mortgage Finance Agency.

21 "First-generation homebuyer" means a first-time homebuyer,  
22 who is:

23 a. an individual:

24 (1) whose parents or legal guardians do not have any present  
25 ownership interest in any residential real property in any state or  
26 territory of the United States, or outside of the United States; and

27 (2) whose spouse <sup>1</sup>**[,]**<sup>1</sup> or domestic partner **[,** and each member  
28 of whose household**]** has not, during the **[3-year]** three-year period  
29 ending upon acquisition of the eligible home to be acquired using  
30 such assistance, had any present ownership interest in any  
31 residential real property used as their principal residence in any  
32 state or territory of the United States, or outside of the United  
33 States; or

34 b. an individual who has at any time been placed in foster care  
35 in the State <sup>1</sup>, was an emancipated youth, or was designated as a  
36 homeless, unaccompanied youth pursuant to the "McKinney-Vento  
37 Homeless Assistance Act," as described in 42 U.S.C. s.11434a<sup>1</sup>.

38 "First-time homebuyer" means a homebuyer who, in accordance  
39 with **[rules and regulations]** guidelines adopted by the agency, **[has**  
40 not owned any residential real property as their principal residence  
41 within the preceding three years, and**]** is utilizing a mortgage  
42 product offered by the agency through an agency homebuyer  
43 program to purchase single-family housing, and has a gross

**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:

<sup>1</sup>Senate SCU committee amendments adopted January 25, 2024.

1 household income that does not exceed a limitation determined by  
2 the agency.

3 "Loan program" means the zero-interest, forgivable loan  
4 program established pursuant to section 2 of P.L.2023, c.78  
5 (C.55:14K-105).

6 "Principal residence" means a homestead that is actually and  
7 continually occupied as the permanent residence of a household, as  
8 distinguished from a vacation home, real property owned and rented  
9 or offered for rent by the household, or other secondary real  
10 property holdings.

11 "Single-family housing" means a one- to four-family residence, a  
12 condominium unit, a cooperative unit, a combination of a  
13 manufactured housing and lot, or a manufactured housing lot.  
14 (cf: P.L.2023, c.78, s.1)

15

16 2. Section 2 of P.L.2023, c.78 (C.55:14K-105) is amended to  
17 read as follows:

18 2. a. There is established in the agency a zero-interest,  
19 forgivable loan program to provide down payment assistance for  
20 first-time homebuyers to achieve homeownership. The loan  
21 program shall provide down payment assistance to defray the costs  
22 associated with acquiring single-family housing for principal  
23 residence, as provided for in subsection b. of this section. A first-  
24 time homebuyer shall commit to use the home as their principal  
25 residence for five years following the purchase of the home, and for  
26 these five years retain the first mortgage product offered by the  
27 agency through an agency homebuyer program. The agency shall  
28 forgive the down payment assistance loan, provided that the five-  
29 year commitment is satisfied and the first-time homebuyer meets  
30 the other requirements established pursuant to subsection c. of this  
31 section.

32 b. (1) The down payment assistance provided pursuant to this  
33 section shall be in the form of a zero-interest, forgivable loan  
34 award. The loan award shall be in **【the】** an amount **【of \$15,000】**  
35 not to exceed \$20,000.

36 (2) In addition to a loan award that may be provided pursuant to  
37 paragraph (1) of this subsection, a first-generation homebuyer shall  
38 be eligible for a zero-interest, forgivable loan award of an  
39 additional award amount of not less than \$7,000 and not more than  
40 \$10,000 to be used for down payment assistance.

41 (3) Each first-time homebuyer who receives down payment  
42 assistance through the loan program shall, prior to the award of  
43 down payment assistance, complete **【not less than eight hours of】**  
44 homebuyer counseling course, as directed by the agency pursuant to  
45 subsection c. of this section. The homebuyer counseling course  
46 **【shall】** may include, but not be limited to, coursework concerning:

- 1 (a) the maintenance of housing costs, including methods for  
2 budgeting mortgage payments, utility charges, property taxes, and  
3 any other applicable housing cost;
- 4 (b) the basics of home finance, property taxes, home warranties,  
5 and home inspection;
- 6 (c) the legal components of finalizing a home purchase; and
- 7 (d) the process of finding an appropriate house, including how  
8 to search real estate listings through a real estate agent or other  
9 sources.
- 10 c. The executive director shall **promulgate** rules and  
11 regulations pursuant to the "Administrative Procedure Act,"  
12 P.L.1968, c.410 (C.52:14B-1 et seq.) to effectuate, administer, and  
13 accomplish the purposes of the loan program. Notwithstanding the  
14 limitations established in section 1 of P.L.2011, c.215  
15 (C.52:14B-3a) on the use of regulatory guidance documents, the  
16 executive director shall prepare and disseminate guidelines or  
17 regulatory guidance documents, on or before the first day of the  
18 third month next following the enactment of P.L.2023, c.78  
19 (C.55:14K-104 et al.), in advance of the adoption of rules and  
20 regulations **develop program guidelines** to effectuate, administer,  
21 and accomplish the purposes of the loan program. The guidelines **,**  
22 **guidance documents, and rules and regulations** shall, at a  
23 minimum, set forth the requirements for application submissions,  
24 the criteria for application selections, the eligible uses of down  
25 payment assistance, eligibility as a first-time or first-generation  
26 homebuyer, and the curriculum and provision of the homebuyer  
27 counseling course.
- 28 d. The agency shall permit an individual to establish eligibility  
29 for the loan program as a first-generation homebuyer via self-  
30 attestation, under penalty of perjury. However, nothing in this  
31 subsection shall preclude the agency from establishing measures to  
32 identify and deter fraudulent attestations. If it is established that an  
33 individual has received assistance as a result of a fraudulent  
34 attestation, the individual shall reimburse the agency for the  
35 assistance.
- 36 e. A down payment assistance loan shall be recoverable as a  
37 lien on the real property that the loan is used to purchase, and shall  
38 have the priority of a mortgage lien.
- 39 f. The annual appropriations act for State fiscal year 2024 shall  
40 include an appropriation from the General Fund to the loan  
41 program, and the annual appropriations acts following State fiscal  
42 year 2024 shall appropriate not less than \$25 million from the  
43 General Fund to the agency, during each State fiscal year in which  
44 the loan program remains in operation, to effectuate the purposes of  
45 the loan program, and defray the costs associated with  
46 administering the loan program, except that the agency shall retain  
47 not more than five percent of the annual appropriation for  
48 administrative costs. Of the total amount of down payment

1 assistance funding awarded each State fiscal year through the loan  
2 program, no less than 50 percent shall be awarded to first-  
3 generation homebuyers, unless the agency determines that 50  
4 percent of the down payment assistance funding cannot be awarded  
5 to first-generation homebuyers, because too few first-generation  
6 homebuyers have applied for the loan program, in which case, more  
7 than 50 percent of the funding shall be awarded to first-time  
8 homebuyers who are not first-generation homebuyers.

9 g. No later than the 730th day next following the effective date  
10 of P.L.2023, c.78 (C.55:14K-104 et al.), the agency shall prepare  
11 and submit a report to the Governor and, pursuant to section 2 of  
12 P.L.1991, c.164 (C.52:14-19.1), to the Legislature. The report shall  
13 analyze the efficacy of the loan program. The report shall provide  
14 an overview of the total amount of down payment assistance  
15 provided by the agency, with information by census tract on the  
16 race and ethnicity of the recipients of assistance. The report also  
17 shall analyze:

18 (1) the impact of the down payment assistance on the total  
19 housing costs of the recipients of such assistance;

20 (2) the impact of the additional loan award for first-generation  
21 homebuyers provided pursuant to paragraph (2) of subsection b. of  
22 this section, and the other components of the loan program, on first-  
23 generation homeownership; and

24 (3) any other information determined by the agency to be  
25 relevant to the costs and benefits of the loan program.

26 (cf: P.L.2023, c.78, s.2)

27

28 3. This act shall take effect immediately.