

SENATE, No. 4470

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED MAY 19, 2025

Sponsored by:

Senator BRITNEE N. TIMBERLAKE

District 34 (Essex)

Senator ANDREW ZWICKER

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

SYNOPSIS

Revises oversight of “Community Wealth Preservation Program” and requirements for nonprofit community development corporations.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/19/2025)

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2

1 AN ACT concerning the “Community Wealth Preservation Program”
2 and amending P.L.1995, c.244.

3

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

6

7 1. Section 12 of P.L.1995, c.244 (C.2A:50-64) is amended to
8 read as follows:

9 12. a. With respect to the sale of a mortgaged premises under
10 foreclosure action, each sheriff in this State shall provide for, but
11 not be limited to, the following uniform procedures:

12 (1) Bidding in the name of the assignee of the foreclosing
13 plaintiff.

14 (2) That adjournment of the sale of the foreclosed property shall
15 be in accordance with N.J.S.2A:17-36.

16 (3) (a) The sheriff shall conduct a sale within 150 days of the
17 sheriff's receipt of any writ of execution issued by the court in any
18 foreclosure proceeding.

19 (b) If it becomes apparent that the sheriff cannot comply with
20 the provisions of subparagraph (a) of this paragraph (3), the
21 foreclosing plaintiff may apply to the office for an order appointing
22 a Special Master to hold the foreclosure sale.

23 (c) Upon the foreclosing plaintiff making such application to the
24 office, the office shall issue the appropriate order appointing a
25 Special Master to hold the foreclosure sale. The office may issue
26 the order to appoint a Special Master to hold foreclosure sales for
27 one or more properties within a vicinage.

28 (4) That notice for the sale of a foreclosed upon residential
29 property be mailed to the primary address of the foreclosed upon
30 defendant and to the address of the foreclosed upon residential
31 property. The language used on the exterior of the envelope shall
32 comply with the federal "Fair Debt Collection Practices Act," 15
33 U.S.C. s.1692 et seq.

34 (5) (a) That notice of the upset price for the sale of a foreclosed
35 upon residential property be provided at least four weeks prior to
36 the sheriff's sale and posted on the Internet website of the sheriff's
37 office and on any other medium used to provide notice of the
38 sheriff's sale. The upset price provided in the notice shall be a good
39 faith estimate of the upset price on the day of the sheriff's sale;
40 however, the upset price on the day of the sheriff's sale shall not
41 increase by more than three percent from the upset price originally
42 provided in the notice. If the sheriff's sale is delayed or postponed,
43 or if circumstances occur that require unforeseen advances to
44 protect the borrower or the foreclosed upon residential property in
45 the event of vandalism, weather damage, or other emergency

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 property preservation needs, the upset price may be adjusted to
2 reflect these costs in the latest price; and

3 (b) Prior to providing the upset price to the sheriff's office
4 pursuant to subparagraph (a) of this paragraph, the foreclosing
5 plaintiff or agent of the foreclosing plaintiff shall be prohibited
6 from contacting the foreclosed upon defendant, next of kin of the
7 foreclosed upon defendant, or a nonprofit community development
8 corporation to inquire whether the foreclosed upon defendant, next
9 of kin, or nonprofit community development corporation intends to
10 participate in the sheriff's sale for the foreclosed upon property or
11 exercise the provisions of P.L.2023, c.255 (C.2A:50-56a et al.). If,
12 after providing notice of the upset price pursuant to subsection a. of
13 this section, the foreclosing plaintiff is informed that the foreclosed
14 upon defendant, next of kin, or nonprofit community development
15 corporation intends to participate in the sheriff's sale or exercise the
16 provisions of P.L.2023, c.255 (C.2A:50-56a et al.), the foreclosing
17 plaintiff shall not attempt to delay or postpone the sheriff's sale by
18 reason of the foreclosed upon defendant, next of kin, or nonprofit
19 community development corporation's intention to participate in the
20 sheriff's sale or exercise the provisions of P.L.2023, c.255
21 (C.2A:50-56a et al.). Any notice required pursuant to this
22 paragraph shall comply with the federal "Fair Debt Collection
23 Practices Act," 15 U.S.C. s.1692 et seq.

24 (6) Prior to the sale of residential property, the foreclosing
25 plaintiff shall disclose, if known, whether the property is vacant,
26 tenant-occupied, or owner-occupied. If the property is vacant, the
27 foreclosing plaintiff shall provide the successful bidder access to
28 the property if the foreclosing plaintiff has such access and may
29 condition access by the successful bidder on being accompanied by
30 a representative of the foreclosing plaintiff.

31 (7) (a) Except as otherwise provided in subparagraphs (b) and (c)
32 of this paragraph, the successful bidder at the sheriff's sale shall pay
33 a 20 percent deposit in either cash or by a certified or cashier's
34 check, made payable to the sheriff of the county in which the sale is
35 conducted, immediately upon the conclusion of the foreclosure sale.

36 (b) In the case of residential property in which the successful
37 bidder is the foreclosed upon defendant, next of kin, tenant,
38 nonprofit community development corporation, or a bidder who
39 shall occupy the property as the bidder's primary residence for a
40 period of at least 84 months, the successful bidder who has fulfilled
41 the requirements set forth in subsection e. of this section shall pay a
42 3.5 percent deposit of the original upset price listed in the notice
43 provided by the foreclosing plaintiff pursuant to subparagraph (a) of
44 paragraph (5) of this subsection, or the final starting upset price
45 listed for the sale of the property, whichever is less, with the rest of
46 the balance due within 90 business days by cash, certified or
47 cashier's check, or by wire transfer, made payable to the sheriff of
48 the county in which the sale is conducted or to the Special Master,

1 if the sheriff cannot comply with the provisions of subparagraph (a)
2 of paragraph (3) of this subsection, immediately upon the
3 conclusion of the foreclosure sale.

4 (c) If the successful bidder cannot satisfy the requirement of this
5 paragraph that is applicable to the bidder, or the applicable
6 requirement of this paragraph respectively, the bidder shall be in
7 default and the sheriff shall immediately void the sale and proceed
8 further with the resale of the premises without the necessity of
9 adjourning the sale, without renotification of any party to the
10 foreclosure and without the republication of any sales notice. Upon
11 such resale, the defaulting bidder shall be liable to the foreclosing
12 plaintiff for any additional costs incurred by such default including,
13 but not limited to, any difference between the amount bid by the
14 defaulting bidder and the amount generated for the foreclosing
15 plaintiff at the resale. In the event the plaintiff is the successful
16 bidder at the resale, the plaintiff shall provide a credit for the fair
17 market value of the property foreclosed.

18 (8) It is permissible, upon consent of the sheriff conducting the
19 sheriff's sale, that it shall not be necessary for an attorney or
20 representative of the person who initiated the foreclosure to be
21 present physically at the sheriff's sale to make a bid. A letter
22 containing bidding instructions may be sent to the sheriff in lieu of
23 an appearance.

24 (9) That each sheriff's office shall use, and the plaintiff's attorney
25 shall prepare and submit to the sheriff's office, a deed which shall
26 be in substantially the following form:

27 THIS INDENTURE,
28 made this (date) day of (month),
29 (year). Between (name), Sheriff of the County
30 of (name) in the State of New Jersey, party of the first
31 part and (name(s)) party of the
32 second part, witnesseth.

33 WHEREAS, on the (date) day of
34 (month), (year), a certain Writ of Execution was issued out of
35 the Superior Court of New Jersey, Chancery Division-
36 (name) County, Docket No. directed and delivered to the
37 Sheriff of the said County of (name) and which said
38 Writ is in the words or to the effect following that is to say:

39 THE STATE OF NEW JERSEY to the Sheriff of the County of
40 (name),
41 Greeting:

42 WHEREAS, on the (date) day of (month),
43 (year), by a certain judgment made in our Superior Court
44 of New Jersey, in a certain cause therein pending, wherein the
45 PLAINTIFF is:

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47
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1 and the following named parties are the DEFENDANTS:

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5 IT WAS ORDERED AND ADJUDGED that certain mortgaged
6 premises, with the appurtenances in the Complaint, and Amendment
7 to Complaint, if any, in the said cause particularly set forth and
8 described, that is to say: The mortgaged premises are described as
9 set forth upon the RIDER ANNEXED HERETO AND MADE A
10 PART HEREOF.

11 BEING KNOWN AS Tax Lot (number) in Block
12 (number) COMMONLY KNOWN AS (street address)
13

14 TOGETHER, with all and singular the rights, liberties, privileges,
15 hereditaments and appurtenances thereunto belonging or in anywise
16 appertaining, and the reversion and remainders, rents, issues and
17 profits thereof, and also all the estate, right, title, interest, use,
18 property, claim and demand of the said defendants of, in, to and out
19 of the same, to be sold, to pay and satisfy in the first place unto the
20 plaintiff,

21

22

23 the sum of \$ (amount) being the principal, interest and
24 advances secured by a certain mortgage dated (date,
25 month, year) and given by (name) together with
26 lawful interest from

27

28

29

30 until the same be paid and satisfied and also the costs of the
31 aforesaid plaintiff with interest thereon.

32 AND for that purpose a Writ of Execution should issue, directed to
33 the Sheriff of the County of (name) commanding him to
34 make sale as aforesaid; and that the surplus money arising from
35 such sale, if any there be, should be brought into our said Court, as
36 by the judgment remaining as of record in our said Superior Court
37 of New Jersey, at Trenton, doth and more fully appear; and
38 whereas, the costs and Attorney's fees of the said plaintiff have
39 been duly taxed at the following sum: \$ (amount)

40 THEREFORE, you are hereby commanded that you cause to be
41 made of the premises aforesaid, by selling so much of the same as
42 may be needful and necessary for the purpose, the said sum of
43 \$..... (amount) and the same you do pay to the said plaintiff
44 together with contract and lawful interest thereon as aforesaid, and
45 the sum aforesaid of costs with interest thereon.

46 And that you have the surplus money, if any there be, before our
47 said Superior Court of New Jersey, aforesaid at Trenton, within 30
48 days after pursuant to R.4:59-1(a), to abide the further Order of the

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1 said Court, according to judgment aforesaid, and you are to make
2 return at the time and place aforesaid, by certificate under your
3 hand, of the manner in which you have executed this our Writ,
4 together with this Writ, and if no sale, this Writ shall be returnable
5 within 24 months.

6 WITNESS, the Honorable (name), Judge of the Superior
7 Court at Trenton, aforesaid, the (date) day of
8 (month), (year).

9 /s/ (Clerk)
10 Superior Court of New Jersey

11 /s/.....

12 Attorney for Plaintiff

13 As by the record of said Writ of Execution in the Office of the
14 Superior Court of New Jersey, at Trenton, in Book
15 (number) of Executions, Page (number) etc., may more fully
16 appear.

17 AND WHEREAS I, the said (name), as such
18 Sheriff as aforesaid did in due form of law, before making such sale
19 give notice of the time, place, and upset price of such sale by public
20 advertisement signed by myself, and set up in my office in the
21 (name) Building in (name) County,
22 being the County in which said real estate is situate and also set up
23 at the premises to be sold at least three weeks next before the time
24 appointed for such sale.

25 I also caused such notice to be published four times in two
26 newspapers designated by me and printed and published in the said
27 County, the County wherein the real estate sold is situate, the same
28 being designated for the publication by the Laws of this State, and
29 circulating in the neighborhood of said real estate, at least once a
30 week during four consecutive calendar weeks. One of such
31 newspapers, (name of newspaper) is a newspaper
32 with circulation in (name of town), the County seat of
33 said (name) County. The first publication was at least
34 twenty-one days prior and the last publication not more than eight
35 days prior to the time appointed for the sale of such real estate, and
36 by virtue of the said Writ of Execution, I did offer for sale said land
37 and premises at public vendue at the County (name)
38 Building in (name of town) on the (date)
39 day of, ... (month) (year) at the hour of
40 (time) in the (a.m. or p.m.).

41 WHEREUPON the said party of the second part bidding
42 therefore for the same, the sum of \$..... (amount) and no
43 other person bidding as much I did then and there openly and
44 publicly in due form of law between the hours of (time)
45 and (time) in the (a.m. or p.m.), strike off and sell
46 tracts or parcels of land and premises for the sum of \$
47 (amount) to the said party of the second part being then and there
48 the highest bidder for same. And on the (date) of

1 (month) in the year last aforesaid I did truly report the
2 said sale to the Superior Court of New Jersey, Chancery Division
3 and no objection to the said sale having been made, and by
4 Assignment of Bid filed with the Sheriff of (name)
5 County said bidder assigned its bid to:

6
7
8

9 AND WHEREAS, a party of the second part that is a nonprofit
10 community development corporation and has satisfied the
11 conditions set forth in subsection f. of section 12 of P.L.1995, c.244
12 (C.2A:50-64), and its successors and assigns, is subject to a
13 renewable deed restriction on the lands described herein, with a
14 minimum number of affordability years being 30 years and with an
15 option to renew by the party of the second part or its successors and
16 assigns, which shall require, in a future sale of the lands described
17 herein, a party of the second part and its successors and assigns to
18 sell the lands to a household earning no more than 120 percent of
19 area median income and spending no more than 35 percent of gross
20 monthly income on the mortgage, property taxes, interest, and home
21 insurance of the lands described herein or, if the nonprofit
22 community development corporation and its successors and assigns
23 decide to rent the lands described herein, rent the lands to a
24 household earning no more than 80 percent of area median income
25 and spending no more than 35 percent of gross monthly income on
26 rent. In each aforementioned circumstance, the nonprofit
27 community development corporation, and its successors and
28 assigns, shall be compliant with P.L.2024, c.2 (C.52:27D-304.1 et
29 al.). In each sale under the deed restriction, following the first sale
30 of the lands described herein by a nonprofit community
31 development corporation, the following formula shall be used to
32 determine the sale price of the lands: (a) the original sale price of
33 the lands when the seller acquired the lands at closing, plus (b) the
34 original sale price of the lands when the seller acquired the lands
35 multiplied by the percentage increase in the current area median
36 household income for a family of four, as published by the New
37 Jersey Housing and Mortgage Finance Agency, from the date the
38 seller acquired the lands at closing.

39 NOW, THEREFORE, This Indenture witnesseth, that I, the said
40 (name), as such Sheriff as aforesaid under and by the
41 virtue of the said Writ of Execution and in execution of the power
42 and trust in me reposed and also for and in consideration of the said
43 sum of \$ (amount) therefrom acquit, exonerate and
44 forever discharge to the said party of the second part, its successors
45 and assigns, all and singular the said tract or parcel of lands and
46 premises, with the appurtenances, privileges, and hereditaments
47 thereunto belonging or in any way appertaining; to have and hold
48 the same, unto the said party of the second part, its successors and

1 assigns to its and their only proper use, benefit, and behoof forever,
2 in as full, ample and beneficial manner as by virtue of said Writ of
3 Execution I may, can or ought to convey the same.

4 And, I, the said (name), do hereby covenant, promise and
5 agree, to and with the said party of the second part, its successors
6 and assigns, that I have not, as such Sheriff as aforesaid, done or
7 caused, suffered or procured to be done any act, matter or thing
8 whereby the said premises, or any part thereof, with the
9 appurtenances, are or may be charged or encumbered in estate, title
10 or otherwise.

11 IN WITNESS WHEREOF, I the said (name) as such
12 Sheriff as aforesaid, have hereunto set my hand and seal the day and
13 year aforesaid.

14 Signed, sealed and delivered
15 in the presence of

16
17 Attorney at Law of New Jersey(name) Sheriff
18 STATE OF NEW JERSEY) SS.
19(county)

20 I, (name), Sheriff, of the County of (name),
21 do solemnly swear that the real estate described in this deed made
22 to

23
24
25

26 was by me sold by virtue of a good and subsisting execution (or as
27 the case may be) as is therein recited, that the money ordered to be
28 made has not been to my knowledge or belief paid or satisfied, that
29 the time and place of the same of said real estate were by me duly
30 advertised as required by law, and that the same was cried off and
31 sold to a bona fide purchaser for the best price that could be
32 obtained and the true consideration for this conveyance as set forth
33 in the deed is \$ (amount).

34
35 (name), Sheriff

36 Sworn before me, (name), on this (date) day of
37 (month), (year), and I having examined the deed
38 above mentioned do approve the same and order it to be recorded as
39 a good and sufficient conveyance of the real estate therein
40 described.

41 STATE OF NEW JERSEY) ss.

42 (Name) County) Attorney or Notary Public

43 On this (date) day of (month), (year),
44 before me, the subscriber, (name) personally
45 appeared (name), Sheriff of the County of
46 (name) aforesaid, who is, I am satisfied, the grantor in the within
47 Indenture named, and I having first made known to him the contents
48 thereof, he did thereupon acknowledge that he signed, sealed and

1 delivered the same on his voluntary act and deed, for the uses and
2 purposes therein expressed.

3
4 Attorney or Notary Public

5 b. At the conclusion of the sheriff's sale, the attorney for the
6 plaintiff shall prepare and deliver to the sheriff a deed which shall
7 be in the form provided pursuant to paragraph (9) of subsection a.
8 of this section for the sheriff's execution and the deed shall be
9 delivered to the sheriff within 10 days of the date of the sale. The
10 sheriff shall be entitled to the authorized fee, as a review fee, even
11 if the plaintiff's attorney prepares the deed.

12 c. (1) The sheriff's office shall, within **two weeks** 90 days of
13 the date of the sale, deliver a fully executed deed to the successful
14 bidder at the sale provided that the bidder pays the balance of the
15 monies due to the Sheriff by either cash or certified or cashier's
16 check. In the event a bid is satisfied after the expiration and
17 additional interest is collected from the successful bidder, the
18 sheriff shall remit to the plaintiff the total amount, less any fees,
19 costs and commissions due the sheriff, along with the additional
20 interest.

21 (2) Notwithstanding paragraph (1) of this subsection, a
22 foreclosed upon defendant may exercise a right of redemption on
23 the residential property within 90 days of the date of sale by paying
24 to the sheriff the amount of money in which the judgment in the
25 foreclosure action was granted on the property plus interest,
26 sheriff's fees, and other expenses reasonably incurred by the
27 successful bidder after the sale.

28 **[(2)]** (3) Notwithstanding the provisions of paragraph (1) of this
29 subsection, in the case of residential property in which the
30 successful bidder is permitted to pay a 3.5 percent deposit upon the
31 conclusion of the foreclosure sale pursuant to subparagraph (b) of
32 paragraph (7) of subsection a. of this section, no interest shall
33 accrue on the balance of the sale of the property until 60 business
34 days have passed following the date of the sale, and thereafter, the
35 successful bidder shall have 30 business days to fulfill the balance.
36 If the successful bidder fails to fulfill the balance within this 90
37 business day period, the bidder shall forfeit the deposit on the
38 property and shall be responsible for the payment of accrued
39 interest incurred as a result of the sale being void, unless the failure
40 to fulfill the balance is due to the bidder's inability to close a
41 mortgage through no fault of their own, which includes, but is not
42 limited to, the appraised value of the property being less than the
43 purchase value of the property or the financial institution denying
44 financing, in which case the bidder shall be refunded the deposit on
45 the property and shall be responsible only for the payment of
46 accrued interest. In addition, if a successful bidder fails to fulfill
47 the balance within this 90 business day period, any subsequent
48 foreclosure sale involving the same residential property and the

1 same foreclosing plaintiff and foreclosed upon defendant shall be
2 subject to the procedures set forth in subparagraph (a) of paragraph
3 (7) of subsection a. of this section and there shall be no right of first
4 or second refusal pursuant to subsections d. and g. of this section.

5 d. In the case of a foreclosed residential property where the
6 foreclosed upon defendant is an individual and not a corporate
7 entity, if the foreclosed upon defendant~~[,]~~ or next of kin of the
8 foreclosed upon defendant~~[,]~~, or tenant of the foreclosed upon
9 property~~]~~ has secured financing or assets sufficient to meet terms
10 offered by the foreclosing plaintiff or an alternative financial
11 institution to purchase the property, the foreclosed upon
12 defendant~~[,]~~ or next of kin of the foreclosed upon defendant~~[,]~~, or
13 tenant~~]~~ shall have the right of first refusal to purchase the property
14 for the original upset price listed in the notice provided pursuant to
15 subparagraph a. of paragraph (5) of subsection a. of this section, or
16 at the final starting upset price listed for the sale of the property,
17 whichever is less. The right of first refusal shall only be made
18 available to the foreclosed upon defendant~~[,]~~ or next of kin of the
19 foreclosed upon defendant~~[,]~~, or tenant~~]~~ for the initial sale of the
20 foreclosed upon property, unless the sale is delayed or postponed,
21 upon which the foreclosed upon defendant~~[,]~~ or next of kin of the
22 foreclosed upon defendant~~[,]~~, or tenant~~]~~ shall retain the right of first
23 refusal for the rescheduled date of sale. Such right shall be deemed
24 exercised if, prior to the opening of the bidding on the foreclosed
25 property, the foreclosed upon defendant~~[,]~~ or next of kin of the
26 foreclosed upon defendant~~[,]~~, or tenant~~]~~ pays a 3.5 percent deposit
27 with the rest of the balance due within 90 business days, pursuant to
28 the provisions of this section, by cash, certified or cashier's check,
29 or by wire transfer, made payable to the sheriff of the county in
30 which the sale is conducted or to the Special Master, if the sheriff
31 cannot comply with the provisions of subparagraph (a) of paragraph
32 (3) of subsection a. of this section.

33 e. A bidder who is permitted to pay a 3.5 percent deposit upon
34 the conclusion of the foreclosure sale pursuant to the provisions of
35 this section may purchase residential property at a sheriff's sale by
36 way of financing if the bidder provides documentation that the
37 bidder has been pre-approved by a financial institution regulated by
38 the Department of Banking and Insurance or by a federal banking
39 agency, as defined by section 3 of the "New Jersey Residential
40 Mortgage Lending Act," P.L.2009, c.53 (C.17:11C-53), for
41 financing a residential property.

42 (1) A bidder who is permitted to pay a 3.5 percent deposit upon
43 the conclusion of the foreclosure sale pursuant to the provisions of
44 this section and intends to finance the purchase of residential
45 property at a sale shall be:

46 (a) preapproved for the amount of the original upset price listed
47 in the notice provided pursuant to subparagraph a. of paragraph (5)

1 of subsection a. of this section or the final starting upset price listed
2 for the sheriff's sale of the property, whichever is less;

3 (b) limited to submitting bids no higher than the amount for
4 which the bidder has been pre-approved for financing; and

5 (c) if the bidder is an individual, required to present current and
6 valid photo identification that substantially conforms to the name
7 and information contained on the financing pre-approval forms
8 obtained by the bidder.

9 (2) A tenant or a successful bidder who intends to occupy the
10 property for 84 months, and finances the purchase of the property
11 and pays a 3.5 percent deposit pursuant to the provisions of this
12 section, shall have received eight hours of homebuyer education and
13 counseling through a United States Department of Housing and
14 Urban Development (HUD) certified housing counseling agency,
15 and shall present a certificate of completion or proof of enrollment
16 in that program to the sheriff.

17 (3) To ensure that the provisions of this section only apply to a
18 foreclosed upon defendant or next of kin of the foreclosed upon
19 defendant who has entered foreclosure proceedings due to
20 circumstances outside of the foreclosed upon defendant's control,
21 subsections d. through f. of this section shall only apply to a
22 foreclosed upon defendant or next of kin of the foreclosed upon
23 defendant that demonstrates to the foreclosing plaintiff that the
24 foreclosed upon defendant experienced:

25 (a) financial hardship;

26 (b) a physical or mental illness preventing the foreclosed upon
27 defendant from earning an income;

28 (c) divorce or legal separation;

29 (d) proof of death of the foreclosed upon defendant, or the
30 foreclosed upon defendant's spouse, or child; or

31 (e) predatory loan practices.

32 Any information provided under this paragraph shall be provided
33 at the request of the foreclosing plaintiff prior to the date of sale for
34 the foreclosing property and shall not conflict with subparagraph
35 (b) of paragraph (5) of subsection a. of this section. Nothing under
36 this paragraph shall be construed to deny a foreclosed upon
37 defendant or next of kin from utilizing the provisions of subsections
38 d. through f. of this section.

39 (4) If a bidder intending to finance the purchase of the
40 residential property is a current tenant, the tenant shall provide
41 documentation confirming:

42 (a) that the tenant has resided at the property for at least a year;
43 and

44 (b) that the tenant is not in arrears with rent payments as of the
45 date the foreclosed upon defendant received a notice of foreclosure
46 from the foreclosing plaintiff.

47 (5) To prove the residency requirement pursuant to
48 subparagraph (a) of paragraph (4) of this subsection, the tenant shall

1 also be required to present at least two current and valid forms of
2 identification that substantially conform to the name and property
3 address contained in the tenant's lease agreement, which shall
4 include but not be limited to:

5 (a) a driver's license issued by the New Jersey Motor Vehicle
6 Commission;

7 (b) a utility bill;

8 (c) a checking or savings account statement from a bank or credit
9 union issued at least 60 days prior to submitting documentation
10 required pursuant to this subparagraph;

11 (d) a statement, receipt, or letter of correspondence from a
12 federal, State, or local government office delivered at least one year
13 prior to submitting documentation required pursuant to this
14 subparagraph; or

15 (e) any other form of identification that the sheriff deems valid
16 pursuant to this paragraph.

17 (6) A tenant shall be allowed to purchase residential property
18 pursuant to this subsection if a foreclosed upon defendant or next of
19 kin of the foreclosed upon defendant decides not to participate in
20 the sheriff's sale or exercise the provisions of P.L.2023, c.255
21 (C.2A:50-56a et al.). A tenant shall have up to 90 business days to
22 purchase the residential property after successfully bidding for the
23 property.

24 (7) With exception to the foreclosed upon defendant, the
25 foreclosed upon defendant's next of kin, or a nonprofit community
26 development corporation, **[an] a successful** individual bidder
27 purchasing residential property in a sheriff's sale pursuant to this
28 subsection shall be required to occupy the property as the bidder's
29 primary residence for a fixed term of at least 84 months after taking
30 possession. **[The deed for the property shall clearly state that the**
31 **property may not be sold for 84 months from the date of the**
32 **sheriff's sale, except pursuant to the exceptions permitting a**
33 **successful bidder to vacate the property prior to residing in the**
34 **property for 84 months in paragraph (8) of this subsection]** An
35 individual bidder who purchases residential property pursuant to
36 this subsection shall also be subject to a deed restriction concerning
37 the requirements of this paragraph and paragraph (8) of this
38 subsection, which shall be included within the deed prepared
39 pursuant to subsection a. of this section, in substantially the
40 following form:

41 A party of the second part, that is an individual bidder pursuant
42 to subsection e. of section 12 of P.L.1995, c.244 (C.2A:50-64), is
43 subject to a deed restriction on the lands described herein, requiring
44 the bidder to occupy the lands as the primary residence of the
45 bidder for a term of at least 84 months and submitting an annual
46 certification of the bidder's occupancy with the administrative agent
47 of the municipality in which the lands are located or municipal
48 housing liaison, unless the bidder is no longer able to reside on the

1 lands pursuant to paragraph (8) of subsection e. of section 12 of
2 P.L.1995, c.244 (C.2A:50-64).

3 (8) With exception to the foreclosed upon defendant, the
4 foreclosed upon defendant's next of kin, or a nonprofit community
5 development corporation, a successful individual bidder who
6 finances the purchase pursuant to this subsection and does not
7 occupy the residence for a period of at least 84 months shall be
8 assessed a fine by a court of competent jurisdiction up to \$100,000
9 for the first violation, and \$500,000 thereafter for each subsequent
10 violation. These penalties shall not be assessed against a bidder
11 who finances the purchase with good faith and intent and is
12 thereafter required to vacate the property prior to residing in the
13 property for 84 months due to:

14 (a) death of the bidder or the bidder's spouse or child;

15 (b) disability of the bidder or a member of the bidder's
16 household;

17 (c) divorce;

18 (d) legal separation;

19 (e) military deployment;

20 (f) a change in employment of the bidder or a member of the
21 bidder's household that results in a reduction in income or a need to
22 move out-of-state;

23 (g) a change in the number of permanent residents of the
24 household due to: the birth or adoption of a child; or the permanent
25 relocation of an elder into the household, as proved by a note from
26 the doctor or social worker of the elder;

27 (h) a need to move to care for a family member for a period of
28 at least six months, as evidenced by: an address change; and a note
29 from the family member in need of care, the doctor of the family
30 member, or the social worker for the family member; or

31 (i) foreclosure.

32 A bidder who finances the purchase of the residential property in
33 good faith and intent and is thereafter required to vacate the
34 property prior to residing in the property for 84 months pursuant to
35 paragraph (8) of this subsection shall retain the deed to the property
36 until the deed is transferred.

37 In the event of the death of a successful bidder, the property may
38 be transferred to another owner in accordance with applicable laws
39 governing estate, inheritance, and probate matters and the
40 occupancy requirement shall be extinguished.

41 A fraudulent violation of subparagraphs (a) through (i) of this
42 paragraph by a bidder shall be an unlawful practice and a violation
43 of P.L.1960, c.39 (C.56:8-1 et seq.).

44 f. If the foreclosed upon defendant, next of kin of the
45 foreclosed upon defendant, or tenant of the foreclosed upon
46 property fails to secure financing or assets sufficient to meet the
47 terms offered by the foreclosing plaintiff or an alternative financial
48 institution to purchase the residential property, the foreclosed upon

1 defendant, next of kin of the foreclosed upon defendant, or tenant
2 may request that a nonprofit community development corporation,
3 included within the list of nonprofit community development
4 corporations pursuant to subsection h. of this section, purchase the
5 property. If the nonprofit community development corporation
6 agrees in writing to purchase the property for the foreclosed upon
7 defendant, next of kin of the foreclosed upon defendant, or tenant to
8 reside in, the corporation shall:

9 (1) allow the foreclosed upon defendant, next of kin of the
10 foreclosed upon defendant, or tenant to reside at the property for a
11 period of time as agreed upon in paragraph (2) of this subsection;

12 **【and】**

13 (2) negotiate with the foreclosed upon defendant, next of kin of
14 the foreclosed upon defendant, or tenant on **【an affordable】** a lease
15 **【schedule】** agreement that shall include:

16 (a) an affordability benchmark that shall require lease payments
17 to be set within a reasonable percentage of the occupant's verified
18 monthly income, not to exceed 39 percent of total household
19 income;

20 (b) lease payments that are set at a fixed-rate or indexed to
21 inflation, with a maximum increase of no more than two percent per
22 year;

23 (c) a lease schedule of a minimum of 12 months, with renewal
24 options and clear conditions for termination;

25 (d) eviction protection clauses for occupants who comply with
26 lease obligations; and

27 (e) an option to purchase the property from the corporation,
28 which shall include:

29 (i) the purchase price, including the total sales price broken
30 down into the monthly principal, interest, taxes, and insurance. The
31 total monthly housing cost shall be comprised of the principal,
32 interest, taxes, and insurance, and shall not exceed 39 percent of the
33 household's total monthly income. If the offered sales price would
34 cause monthly housing costs to exceed 39 percent, the sales price
35 shall be reduced to align with the monthly housing cost limit;

36 (ii) a timeframe, which shall be no less than one year from the
37 date in which the occupant signs the lease agreement, in which the
38 occupant may exercise the option to purchase the property; and

39 (iv) an ownership transition process, with defined requirements
40 for title transfer, including compliance with escrow, inspections,
41 and financial readiness; and

42 (3) be included within the list of nonprofit community
43 development corporations identified pursuant to subsection h. of
44 this section.

45 g. In the case of a foreclosed residential property, a nonprofit
46 community development corporation, that has a written agreement
47 with a foreclosed upon defendant, next of kin of the foreclosed
48 upon defendant, or tenant of the foreclosed upon property pursuant

1 to subsection f. of this section, shall have a right of second refusal
2 to purchase the property which is subordinate to the first right of
3 refusal provided to a foreclosed upon defendant, next of kin of the
4 foreclosed upon defendant, or tenant pursuant to subsection d. of
5 this section. **¶**If the foreclosed upon defendant, next of kin of the
6 foreclosed upon defendant, or tenant decides not to participate in
7 the sheriff's sale, enter into an agreement with the corporation
8 pursuant to subsection f. of this section, or fails to secure financing
9 or assets sufficient to meet the terms offered by the foreclosing
10 plaintiff or an alternative financial institution to purchase the
11 property, a nonprofit community development corporation shall
12 have the right of second refusal to purchase the property in the
13 amount approved for the final starting upset price on the day of the
14 sheriff's sale at the time of the sale. **¶** Such right shall be deemed
15 exercised if, prior to the opening of the bidding on the foreclosed
16 property, the corporation pays a 3.5 percent deposit with the rest of
17 the balance due within 90 business days by cash, certified or
18 cashier's check, or by wire transfer, made payable to the sheriff of
19 the county in which the sale is conducted or to the Special Master,
20 if the sheriff cannot comply with the provisions of subparagraph (a)
21 of paragraph (3) of subsection a. of this section. A nonprofit
22 community development corporation shall only have a right of
23 second refusal to purchase the property if it satisfies the
24 requirements set forth in subsection h. of this section and fulfills the
25 conditions set forth in subsection j. of this section.

26 h. (1) If a foreclosed upon defendant, next of kin of the
27 foreclosed upon defendant, or tenant of the foreclosed upon
28 property does not participate in the sheriff's sale, secure financing
29 or assets sufficient to meet the terms offered by the foreclosing
30 plaintiff or an alternative financial institution, or enter into
31 agreement with a nonprofit community development corporation
32 pursuant to subsection f. of this section, the nonprofit community
33 development corporation may enter a bid for the foreclosed upon
34 residential property.

35 (2) (a) The Department of Community Affairs shall establish a
36 list of nonprofit community development corporations that are
37 eligible to enter a bid for a foreclosed upon residential property
38 pursuant to this section, which the department shall update quarterly
39 each year. To be included within the list, a nonprofit community
40 development corporation shall be in existence for 48 months, meet
41 the definition of a State community housing development
42 organization pursuant to subparagraph (d) of this paragraph, and
43 submit the following materials to the department:

44 (i) the most recent form 990 that the nonprofit community
45 development corporation provided to the United States Internal
46 Revenue Service;

47 (ii) letters of reference from at least three other nonprofit
48 community development corporations;

1 (iii) a signed statement from the chief executive officer of the
2 nonprofit community development corporation confirming that
3 none of board members of the corporation have been found liable of
4 a housing violation or violation pursuant to P.L.1960, c.39 (C.56:8-
5 1 et seq.) within the past 10 years;

6 (iv) an affidavit signed by the executive director and president of
7 the board of directors, or equivalent, of the nonprofit community
8 development corporation that names any representatives that are
9 authorized to bid on behalf of the corporation during the sheriff's
10 sale. The authorized representatives may be an employee or a board
11 member of the corporation; and

12 (v) any other information that the department deems necessary.

13 (b) A nonprofit community development corporation that is not
14 included in the department's list pursuant to this paragraph shall be
15 prohibited from entering a bid in a sheriff's sale pursuant to this
16 section. A corporation that is included within the list pursuant to
17 this paragraph shall be required to provide the materials submitted
18 pursuant to subparagraph (a) of this paragraph once each year to the
19 department to maintain eligibility within the list. A corporation
20 shall inform the department if there are material changes to the
21 items provided pursuant to subparagraph (a) of this paragraph.

22 (c) The department shall publish and maintain the list of eligible
23 nonprofit community development organizations established
24 pursuant to this paragraph on its Internet website.

25 (d) A nonprofit community development corporation shall not
26 be included among the list of eligible nonprofit community
27 development corporations pursuant to this paragraph if the
28 corporation is not a State community housing development
29 organization designated by the Department of Community Affairs.
30 To be designated by the department as a State community housing
31 development organization, a corporation shall:

32 (i) be a not-for-profit organization established under the laws of
33 this State;

34 (ii) have a purpose for the provision of housing that is affordable
35 to low-income and moderate-income individuals, as evidenced in
36 the organization's charter, articles of incorporation, resolutions, or
37 by-laws;

38 (iii) demonstrate a history and capacity to develop affordable
39 housing in the communities where the organization serves; and

40 (iv) fulfill any other requirements as the department deems
41 necessary.

42 The Department of Community Affairs, pursuant to the
43 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
44 seq.), shall adopt rules and regulations to effectuate the provisions
45 of this subparagraph.

46 (3) [A] In addition to the requirements established pursuant to
47 paragraph (2) of this subsection, a nonprofit community
48 development corporation intending to bid in a sheriff's sale for

1 residential property **【and pay a 3.5 percent deposit】** as permitted by
2 this section shall, on the date of the sheriff's sale, register its
3 participation with the sheriff or Special Master if the sheriff cannot
4 comply with the provisions of paragraph (3) of subsection a. of this
5 section. In registering its participation in the sale, a corporation
6 shall provide **【the most recent form 1023 filing provided to the**
7 **United States Internal Revenue Service, stating the corporation's**
8 **mission includes community revitalization and the creation or**
9 **preservation of affordable housing through the restoration of vacant**
10 **and abandoned property】** a watermarked certificate from the
11 Department of Community Affairs, in a form and manner
12 prescribed by the department, that confirms that the corporation is
13 currently on the department's list of eligible nonprofit community
14 development corporations pursuant to paragraph (2) of subsection h.
15 of this section. The watermarked certificate shall also list the name
16 of the corporation's authorized representatives. A sheriff or Special
17 Master may request additional information from the nonprofit
18 community development corporation as necessary to confirm the
19 corporation's nonprofit status. Each sheriff's office shall consult
20 the list of eligible nonprofit community development corporations
21 pursuant to paragraph (2) of this subsection before permitting a
22 nonprofit to bid. The sheriff or Special Master may share the
23 information it has received from the nonprofit community
24 development corporation pursuant to this subsection with other
25 county sheriff's offices as necessary to effectuate the provisions of
26 this section.

27 i. (1) **【If more than one nonprofit community development**
28 **corporation seeks to exercise the right of second refusal, the right**
29 **shall belong in the first instance to a nonprofit community**
30 **development corporation that fulfills the conditions set forth in**
31 **subsection f. of this section. If no such nonprofit community**
32 **development corporation exists, priority shall belong to the**
33 **nonprofit community development corporation that first registers its**
34 **participation in the foreclosure sale pursuant to paragraph (2) of**
35 **subsection h. of this section.】** (Deleted by amendment, P.L. , c.)
36 (pending before the Legislature as this bill).

37 (2) If an individual or nonprofit community development
38 corporation exercises a right of first or second refusal, as
39 appropriate, pursuant to subsection d. or f. of this section, the
40 foreclosure sale shall be deemed concluded and the person or
41 corporation shall be deemed to be the successful bidder and shall be
42 subject to the applicable provisions and procedures of this section.

43 (3) A nonprofit community development corporation that is
44 included on the department's eligibility list and bids in a sheriff's
45 sale for a foreclosed residential property pursuant to this section
46 shall be limited to purchasing one foreclosed residential property in
47 any given county per month, with a maximum of two properties

1 purchased within the State per month. The provisions of this
2 paragraph shall not apply to a nonprofit community development
3 corporation that purchases a foreclosed residential property
4 pursuant to subsection f. of this section.

5 j. (1) A nonprofit community development corporation that
6 successfully bids on the purchase of a residential property in a
7 sheriff's sale and satisfies the conditions set forth in subsection h. of
8 this section shall be subject to the fines assessed pursuant to
9 paragraph (3) of this subsection if the nonprofit corporation does
10 not:

11 (a) restore as need be and sell the property to a household
12 earning no more than 120 percent **【below】** of area median income
13 or rent the property as an affordable housing unit to a household
14 **【who earns】** earning no more than **【100】** 80 percent **【below】** of
15 area median income, if the property is vacant or abandoned at the
16 time of the sheriff's sale; or

17 (b) if the property is occupied at the time of sale by either a
18 tenant or the foreclosed upon defendant with whom the nonprofit
19 community development corporation does not already have an
20 agreement pursuant to subsection f. of this section, the nonprofit
21 community development corporation shall negotiate in good faith
22 with the foreclosed upon defendant or tenant on an affordable lease
23 schedule that will allow the foreclosed upon defendant or tenant to
24 continue to occupy the property should the foreclosed upon
25 defendant or tenant desire to do so. If after 120 business days the
26 foreclosed upon defendant or tenant does not respond to the
27 requests of the nonprofit community development corporation to
28 negotiate, the corporation may bring an action in a court of
29 competent jurisdiction to remove the foreclosed upon defendant or
30 tenant. If removal has successfully occurred, the nonprofit
31 community development corporation shall comply with the
32 requirements of subparagraph (a) of paragraph (1) of this
33 subsection.

34 When complying with this paragraph, a nonprofit community
35 development corporation shall be compliant with P.L.2024, c.2
36 (C.52:27D-304.1 et al.).

37 (2) A nonprofit community development corporation that
38 successfully bids on the purchase of a residential property and
39 satisfies the conditions set forth in subsection f. of this section shall
40 **【ensure that, in any future sale of the property pursuant to**
41 **subparagraph (a) of paragraph (1) of this subsection, the property be**
42 **subject to a renewable deed restriction, with the minimum number**
43 **of affordability years being 30 years and with the option to renew,**
44 **requiring any future property owner to sell the property to a**
45 **household earning no more than 120 percent below area median**
46 **income or rent the property as an affordable housing unit to a**
47 **household who earns no more than 100 percent below area median**
48 **income】** not be subject to the renewable deed restriction pursuant to

1 paragraph (9) of subsection a. of this section if the foreclosed upon
2 defendant, next of kin of the foreclosed upon defendant, or tenant of
3 the foreclosed upon property decide to exercise the option to
4 purchase the property pursuant to subsection f. of this section.

5 (3) **【A】** The board and executive officers of a nonprofit
6 community development corporation that successfully bids on and
7 completes the purchase of a residential property in a sheriff's sale
8 **【and satisfies the conditions set forth in subsection f. of this**
9 **section】** and fails to meet the requirements of this subsection shall
10 be assessed a fine by a court of competent jurisdiction of up to
11 \$100,000 【for the first violation, and \$500,000 thereafter for each
12 subsequent violation】. The corporation shall also be prohibited
13 from bidding on a subsequent foreclosed upon residential property
14 under this section in perpetuity. If 【the appropriate sheriff's office,
15 county administrative agent, or affordable housing administrative
16 agent that is hired by the county determines based upon its
17 oversight that】 there has been a violation of this subsection, the
18 **【sheriff's office, county administrative agent, or affordable housing**
19 **administrative agent shall】** administrative agent for the
20 municipality in which the residential property is located, the
21 municipal housing liaison, or the Attorney General or the Attorney
22 General's designee shall bring an action in a court of competent
23 jurisdiction 【so that the sheriff's office, county administrative agent,
24 or affordable housing administrative agent can】 to pursue
25 enforcement 【of penalties】 for the violation. If the nonprofit
26 community development corporation dissolves, the deed of the
27 residential property shall be transferred to another nonprofit
28 community development corporation who shall be bound by the
29 requirements of this subsection.

30 (4) The Department of Community Affairs shall deny or remove
31 a nonprofit community development corporation that fails to meet
32 the requirements of this subsection from the list of approved
33 nonprofits pursuant to paragraph (2) of subsection h. of this section.

34 k. In the case of a residential property for which the successful
35 bidder is subject to the occupancy requirement pursuant to
36 paragraphs (7) and (8) of subsection e. of this section, the
37 **【appropriate sheriff's office, county administrative agent or**
38 **affordable housing administrative agent that is hired by the county**
39 **shall oversee the occupancy of the property, which may include the**
40 **mailing of a questionnaire to the successful bidder】** deed restriction
41 pursuant to paragraph (7) of subsection e. of this section shall
42 require a lien that does not permit the sale of the property within 84
43 months following the sale 【or requiring the bidder to respond to
44 questions and】 of the property. If residency of the property is
45 challenged by the administrative agent for the municipality in which
46 the residential property is located or the municipal housing liaison

1 during the 84 month residency requirement period, the successful
2 bidder may submit documentation evidencing the bidder's continued
3 residence at the property using the proof of residency documents
4 provided pursuant to paragraph (5) of subsection e. of this section to
5 the administrative agent or municipal housing liaison. If the
6 **【appropriate sheriff's office, county administrative agent, or**
7 **affordable housing administrative agent that is hired by the county】**
8 administrative agent or municipal housing liaison determines based
9 upon its oversight that there has been an occupancy violation, the
10 **【sheriff's office, county administrative agent , or affordable housing**
11 **administrative agent hired by the county】** administrative agent or
12 municipal housing liaison shall refer the matter to the **【county**
13 **counsel's office】** Attorney General or the Attorney General's
14 designee to bring an action in a court of competent jurisdiction **【so**
15 **that the sheriff's office can】** to pursue enforcement of penalties for
16 the violation.

17 1. Each sheriff's office shall maintain information, written in
18 plain language, regarding the program to finance the purchase of
19 residential property in a foreclosure sale in accordance with this
20 section on its Internet website, and in any other medium used by the
21 office to advertise a foreclosure sale, in a manner that is accessible
22 to the public. Additionally, each sheriff's office shall display
23 information, written in plain language, regarding the Community
24 Wealth Preservation Program in its office in a manner that is
25 conspicuous to the public. The information posted on a sheriff's
26 Internet website or displayed in a sheriff's office concerning the
27 program shall further contain language notifying the public that the
28 program shall exclude those purchasing property for investment
29 purposes. For any county in which the primary language of 10
30 percent or more of the residents is a language other than English,
31 the sheriff's office shall provide the information required by this
32 subsection in that other language or languages in addition to
33 English. The alternate language shall be determined based on
34 information from the latest federal decennial census.

35 m. Any sheriff's sales conducted virtually shall be subject to the
36 provisions of P.L.2023, c.255 (C.2A:50-56a et al.).

37 n. Any penalty imposed pursuant to this section may be
38 recovered with costs in a summary proceeding commenced by the
39 **【appropriate sheriff's office】** Attorney General or the Attorney
40 General's designee pursuant to the "Penalty Enforcement Law of
41 1999," P.L.1999, c.274 (C.2A:58-10 et seq.). Fifty percent of any
42 monies collected pursuant to this section shall be forwarded to the
43 municipality in which the foreclosed upon property is located to be
44 deposited in the affordable housing trust fund of the municipality
45 for use on low income housing or moderate income housing needs
46 as defined in section 4 of P.L.1985, c.222 (C.52:27D-304), to the
47 extent the municipality maintains such a fund, and if the

1 municipality does not maintain such a fund, to the State Treasurer,
2 and shall annually be appropriated to the "New Jersey Affordable
3 Housing Trust Fund," section 20 of P.L.1985, c.222 (C.52:27D-320)
4 for the purpose of developing and supporting housing programs that
5 create for-sale and rental affordable housing. **【The remaining 50】**
6 Twenty percent of any monies collected pursuant to this section
7 shall provide for administrative and enforcement costs【, including
8 costs】 incurred by the 【appropriate sheriff's office, county
9 administrative agent, or county counsel's office】 municipality in
10 which the foreclosed upon property is located and an additional 20
11 percent of any monies collected shall provide for administrative and
12 enforcement costs incurred by the Attorney General or the Attorney
13 General's designee, as is necessary to effectuate the purposes of this
14 section. Five percent of any monies collected pursuant to this
15 section shall provide for administrative and enforcement costs
16 incurred by the appropriate sheriff's office to effectuate the
17 purposes of this section, and the remaining five percent of any
18 monies collected shall provide for administrative costs incurred by
19 the Department of Community Affairs for maintaining the list of
20 nonprofit community development corporations established
21 pursuant to subsection h. of this section.

22 o. The provisions of P.L.2023, c.255 (C.2A:50-56a et al.) shall
23 only apply to residential property as defined pursuant to subsection
24 **【p.】** s. of this section.

25 p. (1) Each sheriff's office shall collect on a monthly basis
26 information concerning the number of participants utilizing the
27 Community Wealth Preservation Program as a foreclosed upon
28 defendant, next of kin of the foreclosed upon defendant, tenant,
29 nonprofit community development corporation, or bidder intending
30 to occupy the foreclosed residential property for 84 months. The
31 information collected shall be forwarded to the Department of
32 Community Affairs and shall be made publicly available on the
33 Internet website of the department. The information collected shall
34 also be forwarded to the township attorneys of the municipalities in
35 which the foreclosed residential properties are located, the
36 administrative agents of the municipalities, and municipal housing
37 liaisons, if required by P.L.2024, c.2 (C.52:27D-304.1 et al.).

38 (2) When providing information concerning the number of
39 nonprofit community development corporations using the
40 Community Wealth Preservation Program to the Department of
41 Community Affairs, each sheriff's office shall also provide to the
42 department the address of the property purchased by the nonprofit
43 community development program, the date that the property was
44 purchased, and the winning bid for the property, if applicable. The
45 department shall publish the information provided pursuant to this
46 paragraph with its list of eligible nonprofit community development

1 corporations established pursuant to paragraph (2) of subsection h.
2 of this section.

3 q. The provisions of this section shall not affect P.L.2001,
4 c.117 (C.12A:9-101 et seq.).

5 r. A nonprofit community development corporation shall be
6 prohibited from using P.L.2023, c.255 (C.2A:50-64a et al.) until
7 P.L. , c. (C.) (pending before the Legislature as this bill) is
8 in effect.

9 s. As used in this section:

10 "Area median income" means the midpoint of a region's
11 household income distribution, as determined by the United States
12 Department of Housing and Urban Development.

13 "Community Wealth Preservation Program" means the program
14 created by P.L.2023, c.255 (C.2A:50-56a et al.) to assist
15 prospective owner-occupants, nonprofit community development
16 corporations, foreclosed upon defendants, next of kin of foreclosed
17 upon defendants, and tenants of foreclosed upon defendants in
18 purchasing and financing foreclosed upon residential properties in
19 sheriff's sales with an initial 3.5 percent deposit.

20 "Next of kin" means an adult individual who is entitled to
21 receive the foreclosed residential property under the foreclosed
22 upon defendant's will and has a signed affidavit from the foreclosed
23 upon defendant stating that the individual is allowed to bid for the
24 property. In the absence of a will and signed affidavit, "next of
25 kin" means an adult relative of the foreclosed upon defendant that is
26 entitled to inherit the foreclosed residential property pursuant to
27 N.J.S.3B:5-3 through N.J.S.3B:5-14.

28 "Nonprofit community development corporation" means a not-
29 for-profit organization, designated as a State community housing
30 development organization and incorporated for at least 48 months,
31 whose mission, as indicated in the corporation's most recent form
32 990 filing provided to the United States Internal Revenue Service,
33 includes:

34 (1) the construction of affordable housing;

35 (2) community revitalization through the restoration of vacant
36 and abandoned property to create or preserve affordable housing
37 as indicated in the corporation's most recent form 1023 filing
38 provided to the United States Internal Revenue Service ; or

39 (3) the preservation of farmed, historic, or open land.

40 "Residential property" means real property located in this State
41 which is utilized as a primary residence **[or]**, dwelling, or open or
42 farmed land, and shall not include any real property which is
43 acquired for investment, commercial, or business purposes or real
44 property containing more than four residential units.

45 "Right of redemption" means a period of time in which a
46 foreclosed upon defendant may retain ownership of the defendant's
47 foreclosed upon residential property after a sheriff's sale.

1 "Upset price" or "minimum bid" means the minimum amount
2 that a foreclosed upon property shall be sold for in a sheriff's sale as
3 determined by the foreclosing plaintiff, and shall include amounts
4 due to junior lienholders.

5 (cf: P.L.2023, c.255, s.1)

6
7 2. This act shall take effect on the 90th day next following
8 enactment, except that the Department of Community Affairs may
9 take any anticipatory administrative action in advance as is
10 necessary for the implementation of this act.

11

12

13

STATEMENT

14

15 This bill revises oversight of the "Community Wealth
16 Preservation Program" and requirements for nonprofit community
17 development corporations.

18 Under the bill, a nonprofit community development corporation
19 with a written agreement to purchase a foreclosed upon residential
20 property for the foreclosed upon defendant, next of kin of the
21 foreclosed upon defendant, or tenant of that foreclosed upon
22 property will be subject to a 30-year renewable deed restriction
23 requiring the nonprofit and any future owners to sell the property to
24 a household earning no more than 120 percent of area median
25 income and spending no more than 35 percent of gross monthly
26 income on the mortgage, property taxes, interest, and home
27 insurance of the property or, if the nonprofit or future owners
28 decide to rent the property, rent the property to a household earning
29 no more than 80 percent of area median income and spending no
30 more than 35 percent of gross monthly income on rent.

31 The bill also provides a formula for future owners that are still
32 subject to the deed restriction to determine the future sales price of
33 the property. Nonprofits and future owners subject to the deed
34 restriction will additionally be subject to State affordable housing
35 laws and regulations. Despite the deed restriction above, a
36 nonprofit with a written agreement to purchase the property for a
37 foreclosed upon defendant, next of kin of the foreclosed upon
38 defendant, or tenant will not be subject to the deed restriction
39 language if the foreclosed upon defendant, next of kin of the
40 foreclosed upon defendant, or tenant decide to purchase the
41 property back from the nonprofit.

42 The bill provides that a sheriff's office will now be required to,
43 within 90 days of the date of a sheriff's sale, deliver a fully
44 executed deed to the successful bidder at the sale. Current law
45 requires a sheriff's office to deliver a fully executed deed to the
46 successful bidder of a sheriff's sale within two weeks of the date of
47 sale. The bill additionally extends the statutory right of redemption
48 for foreclosed upon defendants to within 90 days of the date of the

1 sheriff's sale, instead of 10 days after the date of sale as currently
2 provided.

3 The bill additionally removes the right of first of refusal for
4 tenants of the foreclosed upon property to purchase the property and
5 removes the right of second refusal for nonprofit community
6 development corporations that do not have a written agreement to
7 purchase the property for the foreclosed upon defendant, next of kin
8 of the foreclosed upon defendant, or tenant of the foreclosed upon
9 property. The bill also requires successful individual bidders who
10 will occupy the foreclosed upon residential property for 84 months
11 to be subject to a deed restriction that outlines the requirements that
12 successful individual bidders must follow.

13 The bill provides new requirements for nonprofit community
14 development corporations that agree in writing to purchase a
15 foreclosed upon residential property for a foreclosed upon
16 defendant, next of kin of the foreclosed upon defendant, or tenant of
17 the foreclosed upon property. Nonprofits will now be required to
18 negotiate with the foreclosed upon defendant, next of kin of the
19 foreclosed upon defendant, or tenant on a lease agreement that must
20 include the following:

21 (1) an affordability benchmark that will require lease payments
22 to be set within a reasonable percentage of the occupant's verified
23 monthly income, not to exceed 39 percent of total household
24 income;

25 (2) lease payments that are set at a fixed-rate or indexed to
26 inflation, with a maximum increase of no more than two percent per
27 year;

28 (3) a lease schedule of a minimum of 12 months, with renewal
29 options and clear conditions for termination;

30 (4) eviction protection clauses for occupants who comply with
31 lease obligations; and

32 (5) an option to purchase the property from the corporation,
33 which must include:

34 (a) the purchase price, including the total sales price broken
35 down into the monthly principal, interest, taxes, and insurance. The
36 total monthly housing cost must be comprised of the principal,
37 interest, taxes, and insurance, and must not exceed 39 percent of the
38 household's total monthly income. If the offered sales price would
39 cause monthly housing costs to exceed 39 percent, the sales price
40 will be reduced to align with the monthly housing cost limit;

41 (b) a timeframe, which must be no less than one year from the
42 date in which the occupant signs the lease agreement, in which the
43 occupant may exercise the option to purchase the property; and

44 (c) an ownership transition process, with defined requirements
45 for title transfer, including compliance with escrow, inspections,
46 and financial readiness.

47 Under the bill, a nonprofit community development corporation
48 that decides to independently bid for a foreclosed upon residential

1 property or purchase a foreclosed upon property on behalf of a
2 foreclosed upon defendant, next of kin of the foreclosed upon
3 defendant, or tenant of the foreclosed upon property will be
4 required to be included within a list of nonprofit community
5 development corporations established by the Department of
6 Community Affairs before it can purchase a foreclosed upon
7 property. To be included within the department's list, the nonprofit
8 must be in existence for 48 months, meet the provided definition of
9 a State community housing development organization, and submit
10 the following materials to the department:

11 (1) the most recent form 990 that the nonprofit community
12 development corporation provided to the United States Internal
13 Revenue Service;

14 (2) letters of reference from at least three other nonprofit
15 community development corporations;

16 (3) a signed statement from the chief executive officer of the
17 nonprofit community development corporation confirming that
18 none of board members of the corporation have been found liable of
19 a housing violation or violation pursuant to the "Consumer Fraud
20 Act" within the past 10 years;

21 (4) an affidavit signed by the executive director and president of
22 the board of directors, or equivalent, of the nonprofit community
23 development corporation that names any representatives that are
24 authorized to bid on behalf of the corporation during the sheriff's
25 sale. The authorized representatives may be an employee or a board
26 member of the corporation; and

27 (5) any other information that the department deems necessary.

28 A nonprofit community development corporation that is not
29 included in the department's list pursuant to this paragraph will be
30 prohibited from entering a bid in a sheriff's sale. A corporation that
31 is included within the list pursuant to this bill will be required to
32 provide the materials required pursuant to this bill once each year to
33 the department to maintain eligibility within the list. A corporation
34 must inform the department if there are material changes to the
35 items provided to the department. The department will be required
36 to publish and maintain the list of eligible nonprofit community
37 development organizations on its Internet website.

38 The bill further provides that a nonprofit community
39 development corporation intending to bid in a sheriff's sale for a
40 foreclosed upon residential property will be required to provide to
41 the sheriff on the date of sale with a watermarked certificate from
42 the Department Community Affairs confirming that the nonprofit is
43 on the department's list of eligible nonprofit community
44 development corporations. Each sheriff's office will be required to
45 consult the list of eligible nonprofit community development
46 corporations established by the department before permitting a
47 nonprofit to bid.

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1 The bill provides that a nonprofit community development
2 corporation that is included on the department's list of eligible
3 nonprofit community development corporations will be limited to
4 purchasing one foreclosed residential property in any given county
5 per month, with a maximum of two properties purchased within the
6 State per month. The aforementioned limits will not apply to a
7 nonprofit that purchased a foreclosed residential property on behalf
8 of a foreclosed upon defendant, next of kin of the foreclosed upon
9 defendant, or tenant of the foreclosed upon property. The bill also
10 revises requirements for nonprofits that independently bid on
11 foreclosed upon residential properties and revises fines and
12 enforcement provisions for nonprofits and successful individual
13 bidders that fail to meet the requirements of the "Community
14 Wealth Preservation Program." The bill additionally includes new
15 reporting requirements for sheriff's offices, revises the definition of
16 "nonprofit community development corporation," and includes a
17 new definition for the term "next of kin."