

§§1-6, 8-13 -
C.55:14K-82 to
55:14K-93
§§7,14 - Approp.
§§15-18 -
C.46:10B-49 to
46:10B-52
§21 - Note to
§§1-6, 8-13, 15-18
& C.55:14K-8
& 54A:6-22

P.L. 2008, CHAPTER 127, *approved January 9, 2009*
Senate Committee Substitute (*First Reprint*) for
Senate, No. 1599

1 AN ACT providing residential mortgage assistance under certain
2 circumstances, supplementing Title 46 and Title 55 of the
3 Revised Statutes, amending 'P.L.1983, c.530, and'¹ P.L.1988,
4 c.29; and making appropriations.
5

6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:
8

9 1. (New section) This act shall be known and may be cited as
10 the "Mortgage Stabilization and Relief Act."
11

12 2. (New section) The Legislature finds and declares that:

13 a. Many thousands of New Jersey homeowners are at risk of
14 losing their homes as a result of mortgage foreclosures.

15 b. Foreclosures involve the loss of a family's home, often the
16 family's most valuable financial asset, and foreclosures especially
17 undermine the health and economic vitality of the urban
18 neighborhoods in which a disproportionate share of foreclosures
19 take place.

20 c. Foreclosures result in the loss of millions of dollars in assets,
21 not only those of the homeowners who are the victims of
22 foreclosure, but also adversely affect the property values of homes
23 located in the vicinity of foreclosed properties.

24 d. The loss of a house often results in abandonment of
25 properties, leading to significant costs and lost revenue for local
26 governments, as well as harm to the neighborhoods in which
27 properties are abandoned.

28 e. Many of these foreclosures could be avoided if homeowners
29 had greater access to high-quality, in-person foreclosure prevention

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:

¹ Assembly AAP committee amendments adopted December 8, 2008.

1 counseling, emergency financial assistance, or additional time
2 during which to negotiate loan modifications or obtain refinancing.

3 f. There is a compelling public policy need for the State of New
4 Jersey to provide the means by which homeowners can obtain
5 mortgage related counseling, emergency financial assistance, and
6 time to adjust their finances in order to increase their ability to
7 retain their homes, and to protect local governments and
8 neighborhoods from the negative social, economic, and fiscal
9 consequences of foreclosure and property abandonment.

10 g. New Jersey must ensure that neighborhoods are not adversely
11 affected by properties that are abandoned as a result of foreclosure
12 and become dilapidated eyesores on the community.

13 h. The Legislature recognizes that the difficulties encountered
14 by homeowners who are delinquent, or are in danger of becoming
15 delinquent, on their mortgage payment does not lend itself to a “one
16 size fits all” solution and therefore it is necessary to establish a
17 number of programs to assist these homeowners.

18

19 3. (New section) Sections 3 through 7 of P.L. , c. (C.)
20 (pending before the Legislature as this bill) shall be known and may
21 be referred to as the “Mortgage Stabilization Program.”

22

23 4. (New section) As used in sections 4 through 7 of P.L. , c.
24 (C.) (pending before the Legislature as this bill):

25 “Affordable mortgage payment” means a monthly mortgage
26 payment that does not exceed the greater of either 33% or the
27 applicable percentage required by governmental or private first
28 mortgage loan insurance, of the household’s monthly average
29 annual gross income, towards the payment of principal, interest,
30 taxes, and insurance (PITI) which is determined using traditional
31 underwriting standards.

32 “Agency” means the New Jersey Housing and Mortgage Finance
33 Agency established pursuant to P.L.1983, c. ¹[111] 530¹
34 (C.55:14K-1 et seq.).

35 “Covered Mortgage” means a first mortgage loan that is in
36 imminent danger of foreclosure.

37 “Homeowner” means the individual who holds legal title to a
38 residential real property that is the individual’s principal dwelling
39 and is in imminent danger of foreclosure.

40 “Lender” means any lawfully constituted mortgage lender,
41 mortgage investor or mortgage loan servicer that owns and is
42 willing to refinance or is authorized to negotiate the terms of the
43 homeowner’s mortgage.

44 “Maximum income limit” means a household income that does
45 not exceed 120% of the area median income, as defined for New
46 Jersey in guidelines published annually by the United States
47 Department of Housing and Urban Development, or that does not

1 exceed the New Jersey Housing and Mortgage Finance Agency's
2 Mortgage Revenue Bond Program income limits, whichever is
3 greater.

4 "Mortgage lender loan" means a loan provided by a lender that is
5 secured by a lien holding second priority and equal to one-half of
6 the difference between the new first mortgage loan and the current
7 appraised value of the property.

8 "Mortgage Stabilization Program" or "program" means a
9 financing program established pursuant to section 5 of P.L. , c.
10 (C.) (pending before the Legislature as this bill).

11 "Mortgage stabilization program loan" means the loan provided
12 to the homeowner by the agency pursuant to section 5 of P.L. , c.
13 (C.) (pending before the Legislature as this bill).

14 "Property" means an owner-occupied primary residence, (1) that
15 is either a single-family one-unit house; an attached, semi-detached,
16 or detached house; a condominium unit; or an owner-occupied two-
17 or three-unit house, and (2) that is the principal dwelling of a
18 homeowner who has resided in the property for at least one year
19 prior to applying for assistance.

20

21 5. (New section) There is established in the New Jersey
22 Housing and Mortgage Finance Agency a Mortgage Stabilization
23 Program and Mortgage Stabilization Program Fund for the purpose
24 of assisting homeowners and lenders willing to refinance covered
25 mortgages in order to ensure that the homeowner has an affordable
26 mortgage payment. The program shall meet the following
27 requirements:

28 a. Program assistance shall not be made available unless a
29 lender modifies or refinances the homeowner's mortgage loan so
30 that the new first mortgage loan amount:

31 (1) results in an affordable mortgage payment; and

32 (2) results in a new first mortgage loan amount that is less than
33 the appraised value of the property at the time of the modification
34 or refinancing.

35 b. The program shall provide:

36 (1) a mortgage stabilization program loan that is a non-
37 amortizing (no monthly payment) second mortgage loan equal to
38 one-half of the difference between the new first mortgage loan
39 amount and the appraised value of the subject property. The
40 available funds for such loan shall not exceed \$25,000 per loan, and
41 the proceeds of the loan shall be provided to the covered mortgage
42 lender; and

43 (2) a mortgage lender loan.

44 Loans made pursuant to this subsection shall share a co-equal
45 second mortgage position with each other.

- 1 c. The mortgage stabilization program loan and the mortgage
2 lender loan shall each have an interest rate and term identical to the
3 interest rate and term of the new first mortgage loan.
- 4 d. Mortgage stabilization program loans and mortgage lender
5 loans may be prepaid at any time without penalty and shall be
6 repaid on a proportional basis by the homeowner out of the net sale
7 proceeds from the sale of the property.
- 8 e. The homeowner shall not be permitted to take cash-out
9 refinances, except for agency approved emergency repairs or unless
10 the mortgage stabilization program loan and the mortgage lender
11 loan are repaid in full.
- 12 f. In order to be eligible to participate in the program, the
13 homeowner must not exceed the maximum income limits ¹【set
14 forth】 as defined¹ in section 4 of P.L. , c. ¹(C.)¹(pending
15 before the Legislature as this bill).
- 16 g. The homeowner may not hold any interest in other residential
17 real property at the time the application to participate in the
18 program is made.
- 19 h. If a homeowner has an existing subordinate mortgage loan
20 held by one or more entities, the holder of the subordinate lien must
21 agree to take subordinated mortgage position behind the mortgage
22 stabilization program loan and the mortgage lender loan.
- 23 i. If the property is subject to an existing subordinate mortgage
24 the mortgage stabilization program loan may, at the discretion of
25 the agency, be used to satisfy that mortgage, or the mortgage lender
26 loan may, at the discretion of the mortgage lender, be used to satisfy
27 an existing subordinate mortgage, or both.
- 28 j. Homeowners must participate in budget counseling sessions
29 approved by the agency in order to be eligible for the program.
- 30 k. Repayments of mortgage stabilization program loans shall be
31 deposited into the Mortgage Stabilization Program Fund.
- 32 l. Benefits directly or indirectly received by a homeowner under
33 the Mortgage Stabilization Program shall not be treated as income
34 in determining eligibility requirements for other State programs and
35 payments and benefits directly or indirectly received by a
36 homeowner who is a taxpayer shall not be treated as income for
37 New Jersey gross income tax purposes pursuant to section 2 of
38 P.L.1988, c.29 (C.54A:6-22).
- 39
- 40 6. (New section) The agency is authorized to promulgate rules
41 and regulations, pursuant to the provisions of the “Administrative
42 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), to effectuate
43 this program.
- 44
- 45 7. (New section) Notwithstanding the provisions of P.L.2008,
46 c.22 (C.52:9H-2.1 et al.), there is appropriated from the Long Term
47 Obligation and Capital Expenditure Fund the sum of \$25,000,000 to

1 the Mortgage Stabilization Program Fund for the purposes of the
2 Mortgage Stabilization Program, of which five percent may be used
3 for the purposes of administering the program.

4
5 8. (New section) Sections 8 through 14 of P.L. , c. (C.)
6 (pending before the Legislature as this bill) shall be known and may
7 be referred to as the “New Jersey Housing Assistance and Recovery
8 Program.”

9
10 9. (New section) As used in sections 9 through 14 of P.L. , c.
11 (C.) (pending before the Legislature as this bill):

12 “Affordable rent” means monthly rent or lease payments that do
13 not exceed 33% of the household’s monthly average gross income.

14 “Agency” means the New Jersey Housing and Mortgage Finance
15 Agency established pursuant to P.L.1983, c. ¹[111] 530¹
16 (C.55:14K-1 et seq.).

17 “Commissioner” means the Commissioner of Community
18 Affairs.

19 “Homeowner” means the individual who holds legal title to a
20 residential real property that is the individual’s principal dwelling
21 and is in imminent danger of foreclosure.

22 “Household” means a homeowner and individuals who resided
23 with the homeowner at the time the lease-purchase agreement was
24 executed and continue to reside with the homeowner at the time the
25 agreement of sale is executed.

26 “HUD” means the United States Department of Housing and
27 Urban Development.

28 “HUD certified housing counseling agency” means a
29 community-based non-profit organization, as demonstrated by
30 section 501 (c)(3) of the Internal Revenue Code of 1986, 26 U.S.C.
31 s.501(c)(3), which has been certified by the United States
32 Department of Housing and Urban Development as experienced in
33 housing counseling for at least one year prior to receiving
34 certification.

35 “Fund” means the Housing Assistance and Recovery Program
36 Support Fund established by section 10 of P.L. , c. (C.)
37 (pending before the Legislature as this bill).

38 “Lease-purchase agreement” means a use and occupancy
39 agreement approved by the agency whereby the sponsor acquires
40 title to the homeowner’s property and agrees to permit the former
41 homeowner to use and occupy the property for a period not to
42 exceed 36 months at an affordable rent.

43 “Lender” means the owner of the homeowner’s mortgage.

44 “Maximum income limit” means a household income that does
45 not exceed 120% of the area median income, as defined for New
46 Jersey in guidelines published annually by the United States
47 Department of Housing and Urban Development, or that does not

1 exceed the New Jersey Housing and Mortgage Finance Agency's
2 Mortgage Revenue Bond Program income limits, whichever is
3 greater.

4 "Program" means the "New Jersey Housing Assistance and
5 Recovery Program."

6 "Property" means a one-, two- or three-family dwelling that is
7 the primary residence of the household.

8 "Sponsor" means a non-profit community development
9 corporation, a non-profit housing counseling organization, or a
10 public entity, including a municipality, county, or a municipal or
11 county authority.

12 "Trained foreclosure prevention and default mitigation
13 counselor" means a housing counselor employed by a HUD
14 certified housing counseling agency who has successfully
15 completed a foreclosure prevention and default mitigation training
16 course provided by a nationally recognized homeownership
17 education and counseling organization such as course HO345d-rq
18 "Foreclosure Intervention and Default Counseling Certification Part
19 I" provided by the NeighborWorks America Center for
20 Homeownership Education and Counseling.

21

22 10. (New section) a. There is established in the New Jersey
23 Housing and Mortgage Finance Agency a Housing Assistance and
24 Recovery Program (HARP) Support Fund, for the purpose of
25 providing support and aid to any sponsor who establishes a Housing
26 Assistance and Recovery Program which meets the following
27 requirements. The sponsor shall:

28 (1) upon application to the commissioner, be certified by the
29 commissioner as eligible to participate in the Housing Assistance
30 and Recovery Program by the commissioner;

31 (2) employ trained foreclosure prevention and default mitigation
32 counselors or contract with a HUD certified counseling agency that
33 employs trained foreclosure prevention and default mitigation
34 counselors;

35 (3) provide counseling to the homeowner both before and after
36 the execution of a lease-purchase agreement, which shall include
37 contact information for legal services programs within the county
38 where the property is located;

39 (4) screen and assess the eligibility of homeowners to repurchase
40 the property and sustain the homeowner's mortgage payments;

41 (5) have prior experience in (a) negotiating mortgage debt
42 reduction from lenders, and (b) the purchase of distressed
43 properties; and

44 (6) receive a commitment from a regulated financial institution
45 or a government entity for a line of credit or other financing
46 mechanism to purchase properties under a housing assistance and
47 recovery program.

- 1 b. The lease-purchase agreement shall:
- 2 (1) include terms and conditions under which the sponsor shall
- 3 convey the property to the homeowner at the expiration of the
- 4 agreed upon use and occupancy period;
- 5 (2) enable the homeowner to continue to live in the property
- 6 during the use and occupancy period for an affordable rent; and
- 7 (3) include a provision that the property will be sold back to the
- 8 homeowner at a price not to exceed the price at which the sponsor
- 9 purchased the property, plus any reasonable sponsor funded repair
- 10 and maintenance costs.
- 11 c. Monies from the fund may be allocated solely for:
- 12 (1) appraisal of the property to determine current market value;
- 13 (2) construction and rehabilitation of the property to ensure
- 14 compliance with all codes and standards;
- 15 (3) payment of property taxes accrued during sponsor's
- 16 ownership of the property;
- 17 (4) maintenance of property insurance, including, but not limited
- 18 to landlord liability and fire insurance coverage;
- 19 (5) payment of no more than \$25,000 toward the difference
- 20 between the appraised value and the purchase price of the property;
- 21 and
- 22 (6) any other activity the agency deems necessary to effectuate
- 23 the purposes of the program.
- 24 d. No money allocated from the fund shall be used for the
- 25 purchase of real property, other than as provided for in paragraph
- 26 (5) of subsection c. of this section.
- 27 e. The agency shall conduct a quarterly audit of all funds
- 28 received and expended for the program. The agency shall issue an
- 29 annual report at the end of State fiscal year detailing the result of
- 30 the quarterly audits for the prior State fiscal year. The annual report
- 31 shall be completed no more than 60 day after the end of the State
- 32 fiscal year. The annual report shall be provided to the
- 33 commissioner and, pursuant to section 2 of P.L.1991, c.164
- 34 (C.52:14-19.1), to the Legislature and made available to the public
- 35 on the Department of Community Affairs website.
- 36
- 37 11. (New section) A sponsor who receives monies from the
- 38 fund and the homeowner shall execute a lease-purchase agreement,
- 39 not to exceed a term of 36 months, that includes the following:
- 40 a. The terms and conditions under which the sponsor shall
- 41 convey the property to the homeowner or other member of the
- 42 household upon termination of the use and occupancy period;
- 43 b. Provisions permitting the homeowner and other members of
- 44 the household to remain in the property during the use and
- 45 occupancy period in exchange for an affordable rent; and
- 46 c. A provision that the property will be sold back to the
- 47 homeowner or to another member of the household at a price not to

1 exceed the price at which the sponsor purchased the property plus
2 reasonable sponsor maintenance costs.

3

4 12. (New section) The Department of Community Affairs shall
5 notify the agency in the event a sponsor fails to maintain
6 compliance with the department's certification process.

7

8 13. (New section) The commissioner and the agency are
9 authorized to promulgate rules and regulations, pursuant to the
10 provisions of the "Administrative Procedure Act," P.L.1968, c.410
11 (C.52:14B-1 et seq.), to effectuate this program.

12

13 14. (New section) Notwithstanding the provisions of P.L.2008,
14 c.22 (C.52:9H-2.1 et al.), there is appropriated from the Long Term
15 Obligation and Capital Expenditure Fund the sum of \$15,000,000 to
16 the Housing Assistance and Recovery Program (HARP) Support
17 Fund, for the purposes of effectuating the New Jersey Housing
18 Assistance and Recovery Program, of which five percent may be
19 used for the purposes of administering the program.

20

21 ¹[15. (New section) a. A creditor filing a notice of intention to
22 foreclose on a covered mortgage loan, pursuant to the "Fair
23 Foreclosure Act," P.L.1995, c.244 (C.2A:50-53 et seq.), shall file
24 within 30 days of that notice an initial foreclosure report with the
25 Department of Banking and Insurance on a form prescribed by the
26 department by regulation, which shall include but not be limited to:

27 (1) the terms of the mortgage, including interest rate, rate
28 adjustments, prepayment fees, negative amortization, and such other
29 terms as the department may specify;

30 (2) the date of the mortgage;

31 (3) the maker of the mortgage;

32 (4) the current holder and servicer of the mortgage, including
33 contact information for a responsible individual employed by the
34 servicer;

35 (5) all efforts made by the creditor to negotiate any modifications
36 to the mortgage or payments required under it with the borrower;
37 and

38 (6) the amount due on the mortgage, including interest and
39 penalties.

40 b. A creditor filing an initial foreclosure report as required by
41 subsection a. of this section shall file a quarterly supplementary
42 foreclosure report on each quarterly anniversary of filing the notice
43 of intention to foreclose, up until the entry of judgment of
44 foreclosure. The quarterly supplemental report shall set forth:

45 (1) the status of foreclosure proceedings;

46 (2) the amount due on the mortgage, including interest and
47 penalties;

1 (3) a description of all efforts made by the creditor during the
2 preceding 90 days to negotiate any modifications to the mortgage or
3 payments required under it with the borrower; and

4 (4) any alternatives to foreclosure, including any sales or
5 conveyances, and any modifications to the mortgage or payments
6 required under it, entered into between the creditor and the
7 borrower.

8 c. The creditor shall provide a copy of the initial foreclosure
9 report and the quarterly supplemental foreclosure report to the court
10 and to the borrower, and shall also provide a copy of the reports to a
11 qualified counseling entity upon submission by the entity of a letter
12 signed by the borrower authorizing release of the reports to the
13 entity.

14 d. Within three months of the effective date of this act, the
15 Department of Banking and Insurance shall adopt and promulgate
16 forms for the initial and supplementary foreclosure reports required
17 under this section.]¹

18
19 ¹15. (New section) a. A creditor that institutes a mortgage
20 foreclosure action in the Superior Court of New Jersey shall report
21 to the Department of Banking and Insurance, on a quarterly basis
22 and on a form promulgated by the department, information about
23 the number of mortgage foreclosure actions filed by the creditor in
24 the State.

25 b. The Department of Banking and Insurance shall produce a
26 report, on a quarterly basis; detailing information about mortgage
27 foreclosures filed by creditors in each county of the State, and shall
28 make the report available to the public on its website. The report
29 shall describe the type of mortgage being foreclosed on based on
30 the following categories:

31 (1) prime rate mortgages foreclosed upon;

32 (2) subprime rate mortgage foreclosed upon;

33 (3) fixed rate mortgages foreclosed upon;

34 (4) adjustable rate mortgages foreclosed upon;

35 (5) nonconforming mortgages, as defined by Fannie Mae,
36 Freddie Mac, or their successors;

37 (6) mortgages insured by the Federal Housing Administration
38 foreclosed upon;

39 (7) mortgages insured by the Veteran's Administration
40 foreclosed upon; and

41 (8) any other category of classification the department deems
42 appropriate to effectuate the purpose of this section.

43 c. The Department of Banking and Insurance, pursuant to the
44 Administrative Procedure Act," P.L.1986, c.410 (C.52:14B-1, et
45 seq) shall adopt regulations necessary to effectuate the purpose of
46 this section.¹

1 ¹16. (New section) a. A creditor that files, pursuant to the “Fair
2 Foreclosure Act,” P.L.1995, c.244 (C.2A:50-53 et seq.), a complaint
3 of foreclosure on a high risk mortgage loan, shall grant the
4 borrower a six month period of forbearance to pursue a loan
5 workout, loan modification, refinancing, or other alternative
6 through mediation sponsored by the Administrative Office of the
7 Courts. During the six month forbearance period, the interest rate
8 on the covered mortgage loan shall not increase and the creditor
9 shall take no further action to pursue foreclosure of the property.
10 Nothing in this subsection shall constitute a limitation on the ability
11 of the creditor and borrower to participate in mediation sponsored
12 by the Administrative Office of the Courts or enter into an
13 agreement as a result of that mediation pursuant to subsection b. of
14 this section.

15 As used in this section:

16 “Forbearance” means a period of six months during which the
17 judicial foreclosure proceedings filed by the creditor against the
18 borrower are suspended; however the borrower is obligated to
19 continue making monthly mortgage payments.

20 “High Risk Mortgage” means the first mortgage loan that has
21 one or more of the following characteristics:

22 is an interest only mortgage with a future interest reset rate;

23 has a reset mortgage interest rate that increases the interest rate;

24 contains a payment option plan or a “pick a payment” plan;

25 contains a negative amortization schedule;

26 is a subprime mortgage;

27 contains an enforceable prepayment penalty; or

28 is a high cost home loan as defined by the “New Jersey Home
29 Ownership Security Act of 2002,” P.L.2003, c.64 (C.46:10B-28).

30 b. Upon filing of a complaint for foreclosure, and the beginning
31 of the six month forbearance period, the borrower and creditor shall
32 participate in mediation sponsored by the Administrative Office of
33 the Courts.

34 c. If the borrower ceases to occupy the property at any time
35 subsequent to the period of forbearance under this section, the
36 creditor may notify the court, and upon notification the period of
37 forbearance shall be deemed to have ended.

38 d. The provisions of this section shall expire two years
39 following the effective date of this P.L. , c. (pending before the
40 Legislature as this bill).¹

41
42 ¹[16.] 17.¹ (New section) a. A creditor serving a notice of
43 intention to foreclose on a mortgage on residential property in this
44 State shall serve the public officer of the municipality in which the
45 property is located, or, if the municipality has not designated a
46 public officer pursuant to P.L.1942, c.112 (C.40:48-2.3 et seq.), the
47 municipal clerk, with a copy of the notice at the same time it is

1 served on the owner of the property. ¹【The copy served on the
2 public officer or municipal clerk shall include the full name and
3 contact information of an individual located within the State who is
4 authorized to accept service on behalf of the creditor】 In the event
5 that the property being foreclosed is an affordable unit pursuant to
6 the “Fair Housing Act,” then the creditor shall identify that the
7 property is subject to the “Fair Housing Act.” The copy served on
8 the public officer or municipal clerk shall include the full name and
9 contact information of an individual located within the State who is
10 authorized to accept service on behalf of the creditor¹.

11 b. If a residential property becomes vacant at any point
12 subsequent to the creditor’s filing the notice of intention to
13 foreclose, but prior to vesting of title in the creditor or any other
14 third party, and the property is found to be a nuisance or in
15 violation of any applicable State or local code, the local public
16 officer or municipal clerk shall notify the creditor, which shall have
17 the responsibility to abate the nuisance or correct the violation in
18 the same manner and to the same extent as the title owner of the
19 property, to such standard or specification as may be required by
20 the public officer or municipal clerk.

21 c. If the municipality expends public funds in order to abate a
22 nuisance or correct a violation on a residential property in situations
23 in which the creditor was given notice pursuant to the provisions of
24 subsection b. of this section but failed to abate the nuisance or
25 correct the violation as directed, the public officer or municipal
26 clerk shall have the same recourse against the creditor as it would
27 have against the title owner of the property, including but not
28 limited to the recourse provided under section 23 of P.L.2003, c.210
29 (C.55:19-100).

30
31 ¹【17.】 18.¹ (New section) A consumer reporting agency or any
32 other business entity shall not sell to, or exchange with, a third
33 party, unless the third party holds an existing mortgage loan on the
34 property, the existence of a credit inquiry arising from a consumer
35 mortgage loan application when the sale or exchange is triggered by
36 an inquiry made in response to an application for credit. This
37 section shall not apply to information provided by a mortgage
38 originator or servicer to a third party providing services in
39 connection with the mortgage loan origination or servicing; a
40 proposed or actual securitization; secondary market sale, including
41 sales of servicing rights; or similar transaction related to the
42 consumer mortgage loan.

43
44 ¹19. Section 8 of P.L.1983, c.530 (C.55:14K-8) is amended to
45 read as follows:

46 8. a. Admission to housing projects constructed, improved or
47 rehabilitated under this act shall be limited to families whose gross

1 aggregate family income at the time of admission does not exceed
2 six times the annual rental or carrying charges, including the value
3 or cost to them of heat, light, water, sewerage, parking facilities and
4 cooking fuel, of the dwellings that may be furnished to such
5 families, or seven times those charges if there are three or more
6 dependents. There may be included in the carrying charges to any
7 family for residence in any mutual housing project constructed,
8 improved or rehabilitated with a loan from the agency an amount
9 equal to 6% of the original cash investment of the family in the
10 mutual housing project and, to the extent authorized by the agency
11 where not included in the carrying charges, the value or cost of
12 repainting the apartment and replacing any fixtures or appliances.
13 Notwithstanding the provisions of this section, no family or
14 individual shall be eligible for admission to any housing project
15 constructed, improved or rehabilitated with a loan from the agency,
16 whose gross aggregate family income exceeds such amount as shall
17 be established from time to time by the agency, by rules or
18 regulations promulgated hereunder; except that with respect to any
19 project financed by an agency loan insured or guaranteed by the
20 United States of America or any agency or instrumentality thereof,
21 the agency may adopt the admission standards for such projects
22 then currently utilized or required by the guarantor or insurer.

23 The provisions of this subsection shall not apply to any housing
24 project that the agency determines is necessary to promote the long
25 term development and viability of a neighborhood and spur its
26 revitalization or is situated in a qualified municipality that is
27 constructed, improved or rehabilitated on or after the date upon
28 which the commissioner determines that the municipality fulfills the
29 definition of a qualified municipality pursuant to section 4 of
30 P.L.2002, c.43 (C.52:27BBB-4).

31 b. The agency shall by rules and regulations provide for the
32 periodic examination of the income of any person or family residing
33 in any housing project constructed, improved or rehabilitated with a
34 loan from the agency. If the gross aggregate family income of a
35 family residing in a housing project increases and the ratio to the
36 current rental or carrying charges of the dwelling unit becomes
37 greater than the ratio prescribed for admission in subsection a. of
38 this section but is not more than 25% above the family income so
39 prescribed for admission to the project, the owner or managing
40 agent of the housing project shall permit the family to continue to
41 occupy the unit. The agency or (with the approval of the agency)
42 the housing sponsor of any housing project constructed, improved
43 or rehabilitated with a loan from the agency, may terminate the
44 tenancy or interest of any family residing in the housing project
45 whose gross aggregate family income exceeds by 25% or more the
46 amount prescribed herein and which continues to do so for a period
47 of six months or more; but no tenancy or interest of any such family

1 in any such housing project shall be terminated except upon
2 reasonable notice and opportunity to obtain suitable alternate
3 housing, in accordance with rules and regulations of the agency;
4 and any such family, with the approval of the agency, may be
5 permitted to continue to occupy the unit, subject to payment of a
6 rent or carrying charge surcharge to the housing sponsor in
7 accordance with a schedule of surcharges fixed by the agency. The
8 housing sponsor shall pay the surcharge to the municipality granting
9 tax exemption, but only up to an amount that together with
10 payments made to the municipality in lieu of taxes and for any land
11 taxes equals 25% of the total rents or carrying charges of the
12 housing project for the current and any prior years that the project
13 has been in operation.

14 The provisions of this subsection shall not apply to any housing
15 project situated in a qualified municipality that is constructed,
16 improved or rehabilitated on or after the date upon which the
17 commissioner determines that the municipality fulfills the definition
18 of a qualified municipality pursuant to section 4 of P.L.2002, c.43
19 (C.52:27BBB-4).

20 c. For projects on which the agency has made a loan and
21 financed the loan with the proceeds of bonds issued prior to January
22 1, 1973, any remainder of the surcharge, or the total surcharge if tax
23 exemption has not been granted, shall be paid into the housing
24 finance fund securing the bonds issued to finance the project for the
25 use of the agency; for projects financed on or after January 1, 1973,
26 any remainder of the surcharge, or the total surcharge if tax
27 exemption has not been granted, shall be paid to the agency.

28 d. Any family residing in a mutual housing project required to
29 remove from the project because of excessive income as herein
30 provided shall be discharged from liability on any note, bond or
31 other evidence of indebtedness relating thereto and shall be
32 reimbursed, in accordance with the rules of the agency, for all sums
33 paid by the family to the housing sponsor on account of the
34 purchase of stock or debentures as a condition of occupancy or on
35 account of the acquisition of title for such purpose.

36 The provisions of this subsection shall not apply to any housing
37 project situated in a qualified municipality that is constructed,
38 improved or rehabilitated on or after the date upon which the
39 commissioner determines that the municipality fulfills the definition
40 of a qualified municipality pursuant to section 4 of P.L.2002, c.43
41 (C.52:27BBB-4).

42 e. The agency shall establish admission rules and regulations
43 for any housing project financed in whole or in part by loans
44 authorized hereunder which shall provide priority categories for
45 persons displaced by urban renewal projects, highway programs or
46 other public works, persons living in substandard housing, persons
47 and families who, by reason of family income, family size or

1 disabilities, have special needs, elderly persons and families living
2 under conditions violative of minimum health and safety standards.

3 The provisions of this subsection shall not apply to any housing
4 project situated in a qualified municipality that is constructed,
5 improved or rehabilitated on or after the date upon which the
6 commissioner determines that the municipality fulfills the definition
7 of a qualified municipality pursuant to section 4 of P.L.2002, c.43
8 (C.52:27BBB-4).¹

9 (cf: P.L.2002, c.108, s.15)

10

11 ¹~~18.~~ 20.¹ Section 2 of P.L.1988, c.29 (C.54A:6-22) is
12 amended to read as follows:

13 2. Gross income shall not include payments and benefits directly
14 received by a taxpayer under homeless persons' assistance
15 programs, including but not limited to assistance in obtaining
16 housing, temporary shelter and short-term financial assistance, as
17 may be established pursuant to subsection h. of section 24 of P.L.
18 1944, c. 85 (C. 52:27C-24), or benefits, including imputed income,
19 received pursuant to the "Mortgage Stabilization and Relief Act,"
20 P.L. , c. (C.) (pending before the Legislature as this bill).

21 (cf: P.L.1988, c.29, s.2)

22

23 ¹~~19.~~ 21.¹ This act shall take effect immediately, but sections 3
24 through 5, sections 7 through 12, and sections 14 through ¹~~18.~~ 20¹
25 shall remain inoperative until the first day of the third month next
26 following the date of enactment.

27

28

29

30

31 Mortgage Stabilization and Relief Act"; creates Mortgage
32 Stabilization Program and Housing Assistance and Recovery
33 Program; imposes additional requirements on lender foreclosing
34 mortgage; appropriates \$40 million from the "Long Term
35 Obligation and Capital Expenditure Fund."