

[First Reprint]
ASSEMBLY, No. 503

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblyman ROBERTS and Assemblywoman GILL

1 AN ACT establishing a mortgage assistance program for certain law
2 enforcement officers and ¹firefighters,¹ amending and
3 supplementing P.L.1983, c.530 (C.55:14K-1 et seq.)¹, amending
4 P.L.1992, c.78 and supplementing chapter 16A of Title 43 of the
5 New Jersey Statutes¹.

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

9
10 1. (New section) This act shall be known and may be cited as the
11 "Secure Neighborhood Mortgage Assistance Program."

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

14 a. Some of the neighborhoods in New Jersey's older and financially
15 strained urban municipalities are deteriorating;

16 b. Frightened by rising local crime rates, families and longtime
17 residents of these communities are abandoning them;

18 c. Battered by this cycle of deterioration, crime and suburban
19 flight, these neighborhoods are trapped in a downward spiral toward
20 dilapidation and blight;

21 d. The vitality of our urban municipalities depends upon the
22 stability and viability of their local communities and neighborhoods;

23 e. To reverse this trend and to revive these neighborhoods, the fear
24 of crime and concern about personal physical safety must be
25 eliminated;

26 f. State aid programs which put additional law enforcement officers
27 on duty in those neighborhoods serve to alleviate some of that fear and
28 concern;

29 g. A program designed to encourage law enforcement officers ¹and
30 firefighters¹ to live in those communities would further reduce those

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and 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 AHO committee amendments adopted January 23, 1997.

1 fears and concerns and could significantly contribute to the revival of
2 those neighborhoods; and

3 h. It is, therefore, within the public interest to establish a mortgage
4 program to assist law enforcement officers ¹and firefighters¹ in
5 purchasing homes located in designated neighborhoods.

6

7 3. (New section) As used in this act:

8 "Agency" means the New Jersey Housing and Mortgage Finance
9 Agency.

10 ¹["Certified property" means a residential property which is located
11 in a participating neighborhood and that is the primary residence of the
12 qualified applicant.]¹

13 "Eligible municipality" means a municipality which qualifies for
14 State aid under the provisions of P.L.1978, c.14 (C.52:27D-178 et
15 seq.).

16 "Participating neighborhood" means a portion or portions of the
17 eligible municipality, identified by the governing body, wherein the
18 provisions of the program established under ¹[this act] P.L. __, c. __
19 (C. __)(now pending before the Legislature as this bill)¹ are applicable.

20 "Program" means the secure neighborhood mortgage assistance
21 program established under ¹[this act] P.L. __, c. __ (C. __)(now
22 pending before the Legislature as this bill)¹.

23 "Qualified applicant" means a fulltime law enforcement officer ¹or
24 a fulltime paid firefighter¹ employed by an eligible municipality, ¹[and
25 a fulltime paid firefighter]who, at the time of application, has at least
26 one year of creditable service as a member of the Police and Firemen's
27 Retirement System¹.

28

29 4. (New section) There is established a secure neighborhood
30 mortgage assistance program. The purpose of the program is to
31 provide mortgage assistance to ¹[law enforcement officers]qualified
32 applicants¹ seeking to purchase homes in specially designated
33 neighborhoods of their employing municipality. The assistance
34 ¹[afforded under this act]¹ may be in the form of low interest
35 mortgages, minimal or no down payment requirements, or both, and
36 such other incentives as ¹the State Treasurer, with the advice of¹ the
37 New Jersey Housing and Mortgage Finance Agency may deem
38 appropriate to assist qualified applicants in purchasing homes in
39 participating neighborhoods. ¹The State Treasurer shall delegate
40 administration of this program to the agency. To ensure that a home
41 purchased by a qualified applicant under this program is used by the
42 applicant as his or her primary residence, the agency shall require that
43 a qualified applicant agree to maintain primary residence at that home
44 for at least five years as a condition to the receipt of program
45 assistance. The agency may enforce the five-year residency agreement
46 through the use of restrictive mortgage covenants, deed restrictions or

1 other penalties deemed appropriate by the State Treasurer, with the
2 advice of the agency, to accomplish the Legislative purpose of
3 encouraging residency of law enforcement officers and firefighters in
4 participating neighborhoods.¹ To fund this program, the ¹[agency]
5 State Treasurer¹ shall ¹[set aside] designate¹ a reasonable portion of
6 the moneys ¹[designated] allocated¹ for programs designed to assist
7 ¹[first time home buyers and neighborhood preservation] law
8 enforcement officers and firefighters under section 4 of P.L.1992, c.78
9 (C.43:16A-16.11). Upon the expiration of P.L.1992, c.78 (C.43:16A-
10 16.9 et seq.), funds for this program shall be available pursuant to
11 section 8 of P.L. , c. (C.) (now pending before the Legislature
12 as this bill).¹

13

14 5. (New section) The governing body of any eligible municipality,
15 by ordinance, may determine to participate in the secure neighborhood
16 mortgage assistance program. In addition to such other information
17 as the agency may require, the ordinance shall set forth the
18 participating neighborhoods, identified by their street boundaries, and
19 identify a municipal official who shall assist each qualified applicant in
20 preparing ¹[his]an¹ application to the agency and be responsible for
21 forwarding that application to the agency. The ordinance may, if the
22 governing body so determines, provide that the program be available
23 only to qualified applicants who have been employed by the eligible
24 municipality for more than a specified number of years.

25

26 6. Section 5 of P.L.1983, c.530 (C.55:14K-5) is amended to read
27 as follows:

28 5. In order to carry out the purposes and provisions of this act, the
29 agency, in addition to any powers granted to it elsewhere in this act,
30 shall have the following powers:

31 a. To adopt bylaws for the regulation of its affairs and the conduct
32 of its business; to adopt an official seal and alter the same at pleasure;
33 to maintain an office at such place or places within the State as it may
34 designate; to sue and be sued in its own name;

35 b. To conduct examinations and hearings and to hear testimony and
36 take proof, under oath or affirmation, at public or private hearings, on
37 any matter material for its information and necessary to carry out the
38 provisions of this act;

39 c. To issue subpoenas requiring the attendance of witnesses and the
40 production of books and papers pertinent to any hearing before the
41 agency, or before one or more of the members of the agency appointed
42 by it to conduct a hearing;

43 d. To apply to any court, having territorial jurisdiction of the
44 offense, to have punished for contempt any witness who refuses to
45 obey a subpoena, or who refuses to be sworn or affirmed to testify, or
46 who is guilty of any contempt after summons to appear;

1 e. To acquire by purchase, gift, foreclosure or condemnation any
2 real or personal property, or any interest therein, to enter into any
3 lease of property and to hold, sell, assign, lease, encumber, mortgage
4 or otherwise dispose of any real or personal property, or any interest
5 therein, or mortgage lien interest owned by it or under its control,
6 custody or in its possession and release or relinquish any right, title,
7 claim, lien, interest, easement or demand however acquired, including
8 any equity or right of redemption, in property foreclosed by it and to
9 do any of the foregoing by public or private sale, with or without
10 public bidding, notwithstanding the provisions of any other law;

11 f. To acquire, hold, use and dispose of its income revenues, funds
12 and moneys;

13 g. To adopt rules and regulations expressly authorized by this act
14 and such additional rules and regulations as shall be necessary or
15 desirable to carry out the purposes of this act. The agency shall adopt
16 regulations which provide for consultation with housing sponsors
17 regarding the formulation of agency rules and regulations governing
18 the operation of housing projects and which require the agency to
19 consult with the affected housing sponsor prior to taking any and all
20 specific proposed agency actions relating to the sponsor's housing
21 project. The agency shall publish all rules and regulations and file
22 them with the Secretary of State;

23 h. To borrow money or secure credit on a temporary, short-term,
24 interim or long-term basis, and to issue negotiable bonds and to secure
25 the payment thereof and to provide for the rights of the holders
26 thereof;

27 i. To make and enter into and enforce all contracts and agreements
28 necessary, convenient or desirable to the performance of its duties and
29 the execution of its powers under this act, including contracts or
30 agreements with qualified financial institutions for the servicing and
31 processing of eligible loans owned by the agency;

32 j. To appoint and employ an executive director, who shall be the
33 chief executive officer of the agency, and additional officers, who need
34 not be members of the agency as the agency deems advisable, and to
35 employ architects, engineers, attorneys, accountants, construction and
36 financial experts and other employees and agents as may be necessary
37 in its judgment and to determine their qualifications, terms of office,
38 duties and compensation; and to promote and discharge such officers,
39 employees and agents, all without regard to the provisions of Title 11
40 of the Revised Statutes, Civil Service;

41 k. To contract for and to receive and accept any gifts, grants, loans
42 or contributions from any source, of money, property, labor or other
43 things of value, to be held, used and applied to carry out the purposes
44 of this act subject to the conditions upon which the grants and
45 contributions may be made, including, but not limited to, gifts or
46 grants from any department or agency of the United States or the State

- 1 for payment of rent supplements to eligible families or for the payment
2 in whole or in part of the interest expense for a housing project or for
3 any other purpose consistent with this act;
- 4 l. To enter into agreements to pay annual sums in lieu of taxes to
5 any political subdivision of the State with respect to any real property
6 owned or operated directly by the agency;
- 7 m. To procure insurance against any loss in connection with its
8 operations, property and other assets (including eligible loans) in the
9 amounts and from the insurers it deems desirable;
- 10 n. To the extent permitted under its contract with the holders of
11 bonds of the agency, to consent to any modification with respect to
12 rate of interest, time and payment of any installment of principal or
13 interest, security or any other terms of any loan to an institutional
14 lender, eligible loan, loan commitment, contract or ¹[8]¹ agreement of
15 any kind to which the agency is a party;
- 16 o. To the extent permitted under its contract with the holders of
17 bonds of the agency, to enter into contracts with any housing sponsor
18 containing provisions enabling the housing sponsor to reduce the
19 rental or carrying charges to persons unable to pay the regular
20 schedule of charges where, by reason of other income or payment from
21 the agency, any department or agency of the United States or the
22 State, these reductions can be made without jeopardizing the economic
23 stability of the housing project;
- 24 p. To make and collect the fees and charges it determines are
25 reasonable;
- 26 q. To the extent permitted under its contract with the holders of
27 bonds of the agency, to invest and reinvest any moneys of the agency
28 not required for immediate use, including proceeds from the sale of
29 any obligations of the agency, in obligations, securities or other
30 investments as the agency deems prudent. All functions, powers and
31 duties relating to the investment or reinvestment of these funds,
32 including the purchase, sale or exchange of any investments or
33 securities may, upon the request of the agency, be exercised and
34 performed by the Director of the Division of Investment in the
35 Department of the Treasury, in accordance with written directions of
36 the agency signed by an authorized officer, without regard to any other
37 law relating to investments by the Director of the Division of
38 Investment;
- 39 r. To provide, contract or arrange for, where, by reason of the
40 financing arrangement, review of the application and proposed
41 construction of a project is required by or in behalf of any department
42 or agency of the United States, consolidated processing of the
43 application or supervision or, in the alternative, to delegate the
44 processing in whole or in part to any such department or agency;
- 45 s. To make eligible loans, and to participate with any department,
46 agency or authority of the United States or of any state thereof, this

1 State, a municipality, or any banking institution, foundation, labor
2 union, insurance company, trustee or fiduciary in an eligible loan,
3 secured by a single participating mortgage, by separate mortgages or
4 by other security agreements, the interest of each having equal priority
5 as to lien in proportion to the amount of the loan so secured, but
6 which need not be equal as to interest rate, time or rate of
7 amortization or otherwise, and to undertake commitments to make
8 such loans;

9 t. To assess from time to time the housing needs of any
10 municipality which is experiencing housing shortages as a result of the
11 authorization of casino gaming and to address those needs when
12 planning its programs;

13 u. To sell any eligible loan made by the agency or any loan to an
14 institutional lender owned by the agency, at public or private sale, with
15 or without bidding, either singly or in groups, or in shares of loans or
16 shares of groups of loans, issue securities, certificates or other
17 evidence of ownership secured by such loans or groups of loans, sell
18 the same to investors, arrange for the marketing of the same; and to
19 deposit and invest the funds derived from such sales in any manner
20 authorized by this act;

21 v. To make commitments to purchase, and to purchase, service and
22 sell, eligible loans, pools of loans or securities based on loans, insured
23 or issued by any department or agency of the United States, and to
24 make loans directly upon the security of any such loan, pools of loans
25 or securities;

26 w. To provide such advisory consultation, training and educational
27 services as will assist in the planning, construction, rehabilitation and
28 operation of housing including but not limited to assistance in
29 community development and organization, home management and
30 advisory services for residents and to encourage community
31 organizations and local governments to assist in developing housing;

32 x. To encourage research in and demonstration projects to develop
33 new and better techniques and methods for increasing the supply,
34 types and financing of housing and housing projects in the State and
35 to engage in these research and demonstration projects and to receive
36 and accept contributions, grants or aid, from any source, public or
37 private, including but not limited to the United States and the State,
38 for carrying out this purpose;

39 y. To provide to housing sponsors, through eligible loans or
40 otherwise, financing, refinancing or financial assistance for fully
41 completed, as well as partially completed, projects which may or may
42 not be occupied, if the projects meet all the requirements of this act,
43 except that, prior to the making of the mortgage loans by the agency,
44 said projects need not have complied with sections 7a.(9) and 42 of
45 this act;

46 z. To encourage and stimulate cooperatives and other forms of

1 housing with tenant participation;

2 aa. To promote innovative programs for home ownership,
3 including but not limited to lease-purchase programs,
4 employer-sponsored housing programs, such as the mortgage
5 assistance program for law enforcement officers¹ and firefighters¹
6 established pursuant to P.L. , c. (C.)(now before the Legislature
7 as this bill), and tenant cooperatives;

8 bb. To set aside and designate, out of the funds that are or may
9 become available to it for the purpose of financing housing in this
10 State pursuant to the terms of this act, certain sums or proportions
11 thereof to be used for the financing of housing and home-ownership
12 opportunities, including specifically lease-purchase arrangements,
13 provided by employers to their employees through nonprofit or
14 limited-dividend corporations or associations created by employers for
15 that purpose; and to establish priority in funding, offer bonus fund
16 allocations, and institute other incentives to encourage such
17 employer-sponsored housing and home-ownership opportunities;

18 cc. Subject to any agreement with bondholders, to collect, enforce
19 the collection of, and foreclose on any property or collateral securing
20 its eligible loan or loans to institutional lenders and acquire or take
21 possession of such property or collateral and sell the same at public or
22 private sale, with or without bidding, and otherwise deal with such
23 collateral as may be necessary to protect the interests of the agency
24 therein;

25 dd. To administer and to enter into agreements to administer
26 programs of the federal government or any other entity which are in
27 furtherance of the purposes of this act;

28 ee. To do and perform any acts and things authorized by this act
29 under, through, or by means of its officers, agents or employees or by
30 contract with any person, firm or corporation; and

31 ff. To do any acts and things necessary or convenient to carry out
32 the powers expressly granted in this act.

33 (cf: P.L.1983, c.530, s.5)

34

35 ¹⁷. Section 4 of P.L.1992, c.78 (C.43:16A-16.11) is amended to
36 read as follows:

37 4. a. In addition to any loan for which he may be eligible pursuant
38 to the provisions of section 18 of P.L.1964, c.241 (C.43:16A-16.1)
39 and notwithstanding the provisions of that or any other law to the
40 contrary, any member of the Police and Firemen's Retirement System
41 who, at the time of application, is employed by the State or a county,
42 municipality or other political subdivision of the State and who has at
43 least one year of creditable service is, for the purpose of securing for
44 his own occupation as his principal residence a residential property
45 located within this State, eligible to receive a mortgage loan pursuant
46 to the provisions of [this act] P.L.1992, c.78 (C.43:16A-16.9 et seq.)

1 or section 4 of P.L. , c. (C.) (now pending before the
2 Legislature as this bill). The mortgage loan shall be used only for the
3 purpose of enabling a borrower to acquire or construct a residential
4 property or refinance an existing residential property loan.

5 No member shall be eligible hereunder for more than one
6 outstanding mortgage loan at any time, and no member shall be eligible
7 to receive a second mortgage loan on a residential property already
8 mortgaged by him. Preference shall be given in making loans to
9 members who are applying to acquire or construct their first principal
10 place of residence and to members who are qualified applicants
11 pursuant to section 3 of P.L. , c. (C.) (now pending before
12 the Legislature as this bill).

13 b. Any mortgage loan made pursuant to the provisions of [this act]
14 P.L.1992, c.78 (C.43:16A-16.9 et seq.), together with any interest and
15 expenses to the retirement system associated with the making of that
16 loan, shall be repaid in equal installments.

17 c. (1) The amount of interest charged with respect to a mortgage
18 loan made pursuant to the provisions of [this act] P.L.1992, c.78
19 (C.43:16A-16.9 et seq.) shall be fixed for the entire term of the loan.
20 The New Jersey Housing and Mortgage Finance Agency, established
21 under section 4 of P.L.1983, c.530 (C.55:14K-4), shall initially
22 establish the rate within 120 days of the effective date of [this act]
23 P.L.1992, c.78 (C.43:16A-16.9 et seq.), and semiannually reset the
24 rate thereafter. The rate shall be determined by the New Jersey
25 Housing and Mortgage Finance Agency by adding 2% to the index.
26 For the purposes of this subsection, the index shall be the weekly
27 average yield at the time the rate is reset on one-year United States
28 Treasury securities adjusted to a constant maturity as made available
29 by the Federal Reserve Board. The term of any mortgage loan so
30 made shall not exceed 30 years.

31 (2) Notwithstanding the interest rates set pursuant to paragraph (1)
32 of this subsection, the State Treasurer, with the advice of the New
33 Jersey Housing and Mortgage Finance Agency, may establish lower
34 rates, as is deemed appropriate, for the purposes of mortgage
35 assistance provided pursuant to section 4 of P.L. , c. (C.)
36 (now pending before the Legislature as this bill).

37 d. No mortgage loan made pursuant to the provisions of [this act]
38 P.L.1992, c.78 (C.43:16A-16.9 et seq.) or section 4 of P.L. , c.
39 (C.) (now pending before the Legislature as this bill), shall be
40 sold, transferred or assigned to any person, nor shall the payments
41 with respect to any mortgage loan so made be assumed by any person
42 other than the member to whom that loan was made, except that in the
43 event of the death of a member, the mortgage may be assignable to a
44 surviving spouse if the spouse is the sole heir to the property.

45 e. The instrument evidencing a mortgage loan under the provisions
46 of [this act] P.L.1992, c.78 (C.43:16A-16.9 et seq.) or section 4 of

1 P.L. , c. (C.) (now pending before the Legislature as this
2 bill), may be in such form, and may contain such provisions, not
3 inconsistent with law, as the director may choose to insert for the
4 protection of the retirement system's lien and the preservation of its
5 interest in the real property mortgaged to it.¹

6 (cf: P.L.1992, c.78, s.4)

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8 ¹8. (New section) a. As used in this section:

9 "Mortgage loan" means any indebtedness secured by a mortgage on
10 a residential property, which mortgage shall constitute a first lien on
11 the property.

12 "Residential property" means any real property including land or,
13 in the case of condominiums, an interest in a lot of land, which real
14 property shall consist of a single one or two family dwelling, including
15 appropriate garages or other outbuildings, or unimproved real
16 property if the proceeds of the mortgage loan shall be used exclusively
17 for the purposes of erecting such a single one or two family dwelling
18 thereon.

19 b. The Director of the Division of Investment shall have authority
20 to invest and reinvest the monies in, and to acquire for or on behalf of,
21 the Police and Firemen's Retirement System of New Jersey mortgage
22 loans on residential property.

23 c. (1) In addition to any loan for which a member may be eligible
24 pursuant to the provisions of section 18 of P.L.1964, c.241
25 (C.43:16A-16.1) and after the expiration of P.L.1992, c.78
26 (C.43:16A-16.9 et seq.), a member of the Police and Firemen's
27 Retirement System for the purpose of securing for his or her
28 occupation as a principal residence a residential property located
29 within this State may receive a mortgage loan pursuant to this
30 section of the "Secure Neighborhood Mortgage Assistance Program,"
31 (P.L. , c. C.)(now pending before the Legislature as this bill).
32 The mortgage loan shall be used only for the purpose of enabling a
33 borrower to acquire or construct a residential property.

34 (2) No member shall be eligible hereunder for more than one
35 outstanding mortgage loan at any time, and no member shall be eligible
36 to receive a second mortgage loan on a residential property already
37 mortgaged by him.

38 (3) Any mortgage loan made pursuant to the provisions of
39 P.L. , c. (C.)(now pending before the Legislature as this bill),
40 together with any interest and expenses to the retirement system
41 associated with the making of that loan, shall be repaid in equal
42 installments.

43 (4) The amount of interest charged with respect to a mortgage loan
44 made pursuant to the provisions of P.L. ,c. (C.)(now pending
45 before the Legislature as this bill) shall be fixed for the entire term of
46 the loan. The New Jersey Housing and Mortgage Finance Agency,

1 established under section 4 of P.L.1983, c.530 (C.55:14K-4), shall
2 establish the rate and shall semiannually reset the rate. The rate shall
3 be determined by the New Jersey Housing and Mortgage Finance
4 Agency by adding 2% to the index. For the purposes of this
5 subsection, the index shall be the weekly average yield at the time the
6 rate is reset on one-year United States Treasury securities adjusted to
7 a constant maturity as made available by the Federal Reserve Board.
8 The State Treasurer, with the advice of the agency, may establish such
9 lower rates, as is deemed appropriate, for the purposes of the program
10 established by P.L. , c. (C.) (now pending before the
11 Legislature as this bill). The term of any mortgage loan so made shall
12 not exceed 30 years.

13 (5) No mortgage loan made pursuant to the provisions of P.L. ,
14 c. (C.)(now pending before the Legislature as this bill) shall be
15 sold, transferred or assigned to any person, nor shall the payments
16 with respect to any mortgage loan so made be assumed by any person
17 other than the member to whom that loan was made, except that in the
18 event of the death of a member, the mortgage may be assignable to a
19 surviving spouse if the spouse is the sole heir to the property.

20 (6) The instrument evidencing a mortgage loan may be in such
21 form, and may contain such provisions, not inconsistent with law, as
22 the director may choose to insert for the protection of the retirement
23 system's lien and the preservation of its interest in the real property
24 mortgaged to it.

25 d. The agency shall: (1) originate loans; (2) appraise the value of
26 any real property eligible to be mortgaged; (3) guarantee and insure
27 title to the real property; and (4) perform any other service necessary
28 to accomplish the purposes of P.L. , c. (C.)(now pending
29 before the Legislature as this bill) in a manner consistent with the
30 protection of the rights of beneficiaries of the retirement system. The
31 cost of the performance of these services in connection with the
32 making of a mortgage loan shall be charged to the borrower and
33 included in the amount of that mortgage loan.

34 e. The State Treasurer, with the advice of the State Investment
35 Council, the Board of Trustees of the Police and Firemen's Retirement
36 System, and the New Jersey Housing and Mortgage Finance Agency,
37 shall set mortgage loan standards and guidelines for loans made
38 pursuant to P.L. , c. (C.)(now pending before the Legislature as
39 this bill), including mortgage loan maturity terms, participation fees,
40 mortgage loan insurance requirements, lender compensation rates,
41 servicing fees, loan-to-value ratios, minimum and maximum
42 mortgage loan amounts and eligibility standards consistent with
43 P.L. , c. (C.)(now pending before the Legislature as this bill).

44 f. Any member receiving a mortgage loan shall, within 120 days of
45 the date on which the loan was made, occupy the residence as his
46 principal dwelling place.

1 g. Upon application of a member for a mortgage loan the director
2 shall, within 90 days, make available to the New Jersey Housing and
3 Mortgage Finance Agency sufficient funds to provide the mortgage
4 loan, except that no mortgage loan shall be made at any time when the
5 total of all principal balances owing on mortgage loans made pursuant
6 to P.L. , c. (C.)(now pending before the Legislature as this bill)
7 and pursuant to P.L.1992, c.78 (C.43:16A-16.9 et seq.), less all
8 write-offs and reserves with respect to these mortgage loans, together
9 exceeds, or by the making of the loan would exceed, 10% of the total
10 investment assets, including mortgage loans, of the retirement system.
11 Every mortgage loan made hereunder shall be evidenced by a note or
12 bond and shall be secured by a mortgage on the fee of real property
13 located within this State. Every mortgage shall be certified to be a first
14 lien by an attorney-at-law of this State or certified or guaranteed to be
15 a first lien by a corporation authorized to guarantee titles to land in
16 this State. For the purposes of this section, a mortgage shall be
17 deemed to be a first lien, notwithstanding the existence of a lien for
18 current taxes or assessments not due or payable at the time the loan is
19 made, and notwithstanding the existence of leases, building
20 restrictions, easements, encroachments, or covenants which do not
21 materially lessen the value of the real property to be mortgaged.

22 h. Pursuant to rules established by the State Treasurer, with the
23 advice of the New Jersey Housing and Mortgage Finance Agency, no
24 mortgage loan shall be made except upon a written certification signed
25 by at least two persons appointed or retained by the appraisers. In the
26 case of a mortgage loan secured by a mortgage upon real property,
27 such certification shall state the opinion of such persons as to the value
28 of the land and the improvements thereon or to be erected thereon and
29 the character of such improvements. Such certification shall be filed
30 with the records of the retirement system and shall be preserved until
31 the retirement system has no interest, as mortgagee or otherwise, in
32 the real property.

33 i. No mortgage loan secured by a mortgage on real property shall
34 be made unless the property shall consist of improved real property,
35 or unimproved real property if the proceeds of such loan shall be used
36 for the purposes of erecting improvements thereon.

37 j. The State Treasurer shall, with the advice of the State
38 Investment Council, the Director of the Division of Pensions and
39 Benefits and the Executive Director of the New Jersey Housing and
40 Mortgage Finance Agency and in accordance with the "Administrative
41 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), promulgate
42 any rules and regulations necessary to accomplish the purposes of
43 P.L. , c. (C.)(now pending before the Legislature as this bill).¹
44

45 ¹[7.]9.¹ This act shall take effect on the first day of the third
46 month following enactment ¹, and sections 1 through 5 and sections 7

1 through 9 shall expire five years after the effective date, provided that
2 any mortgage in effect on the expiration date shall remain in effect
3 until retirement of the mortgage.¹

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7

8 Establishes "Secure Neighborhood Mortgage Assistance Program."