

CHAPTER 334

AN ACT concerning neighborhood stabilization and amending and supplementing P.L.2008, c.127.

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

1. Section 3 of P.L.2008, c.127 (C.55:14K-84) is amended to read as follows:

C.55:14K-84 Short title.

3. Sections 3 through 7 of P.L.2008, c.127 (C.55:14K-84 et seq.) and sections 4 and 5 of P.L.2009, c.334 (C.55:14K-86.1 and C.55:14K-86.2) shall be known and may be referred to as the "Mortgage and Neighborhood Stabilization Financing Assistance Program."

2. Section 4 of P.L.2008, c.127 (C.55:14K-85) is amended to read as follows:

C.55:14K-85 Definitions relative to "Mortgage and Neighborhood Stabilization Financing Assistance Program."

4. As used in sections 4 through 7 of P.L.2008, c.127 (C.55:14K-84 et seq.) and sections 4 and 5 of P.L.2009, c.334 (C.55:14K-86.1 and C.55:14K-86.2):

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

"Agency" means the New Jersey Housing and Mortgage Finance Agency established pursuant to P.L.1983, c.530 (C.55:14K-1 et seq.).

"Community Development Financial Institution" means any entity designated by the United States Department of the Treasury as a Community Development Financial Institution pursuant to 12 CFR 1805.

"Covered Mortgage" means a first mortgage loan that is in imminent danger of foreclosure.

"Eligible property" means any residential property that is vacant, is or has been the subject of mortgage or tax foreclosure proceedings, and is located in an area that has been impacted by foreclosures which is the subject of a program of neighborhood stabilization.

"Homeowner" means the individual who holds legal title to a residential real property that is the individual's principal dwelling and is in imminent danger of foreclosure.

"Lender" means any lawfully constituted mortgage lender, mortgage investor or mortgage loan servicer that owns and is willing to refinance or is authorized to negotiate the terms of the homeowner's mortgage.

"Maximum income limit" means a household income that does not exceed 120% of the area median income, as defined for New Jersey in guidelines published annually by the United States Department of Housing and Urban Development, or that does not exceed the New Jersey Housing and Mortgage Finance Agency's Mortgage Revenue Bond Program income limits, whichever is greater.

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

"Mortgage Stabilization Program" or "program" means a financing program established pursuant to section 5 of P.L.2008, c.127 (C.55:14K-86).

"Mortgage stabilization program loan" means the loan provided to the homeowner by the agency pursuant to section 5 of P.L.2008, c.127 (C.55:14K-86).

"Program of neighborhood stabilization" means a concerted program to stabilize a neighborhood which has been impacted negatively by foreclosures or by vacant property, including, but not limited to, any program being carried out with federal funds provided by the United States Department of Housing and Urban Development or that is the subject of a comprehensive neighborhood stabilization plan.

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

"Qualified entity" means a non-profit or public entity whose purposes include the acquisition and rehabilitation of residential property and which has demonstrated experience in carrying out such activities in the State of New Jersey.

3. Section 5 of P.L.2008, c.127 (C.55:14K-86) is amended to read as follows:

C.55:14K-86 Mortgage and Neighborhood Stabilization Assistance Program, Fund.

5. There is established in the New Jersey Housing and Mortgage Finance Agency a Mortgage and Neighborhood Stabilization Financing Assistance Program and Mortgage and Neighborhood Stabilization Financing Assistance Program Fund for the purpose of assisting homeowners and lenders willing to refinance covered mortgages in order to ensure that the homeowner has an affordable mortgage payment and assisting Community Development Financial Institutions to finance the acquisition and rehabilitation of eligible properties.

- a. (Deleted by amendment, P.L.2009, c.334.)
- b. (Deleted by amendment, P.L.2009, c.334.)
- c. (Deleted by amendment, P.L.2009, c.334.)
- d. (Deleted by amendment, P.L.2009, c.334.)
- e. (Deleted by amendment, P.L.2009, c.334.)
- f. (Deleted by amendment, P.L.2009, c.334.)
- g. (Deleted by amendment, P.L.2009, c.334.)
- h. (Deleted by amendment, P.L.2009, c.334.)
- i. (Deleted by amendment, P.L.2009, c.334.)
- j. (Deleted by amendment, P.L.2009, c.334.)
- k. (Deleted by amendment, P.L.2009, c.334.)
- l. (Deleted by amendment, P.L.2009, c.334.)

C.55:14K-86.1 Certain funds used for acquisition, rehabilitation of certain properties.

4. The agency shall set aside all \$10,800,000 of the funds appropriated to the Mortgage and Neighborhood Stabilization Financing Assistance Program Fund to be used for the purpose of financing the acquisition and rehabilitation of eligible properties by qualified entities subject to the following requirements:

- a. \$8,600,000 of the funds appropriated to the Mortgage and Neighborhood Stabilization Financing Assistance Program Fund shall be used to provide loans or permanent loan capital to Community Development Financial Institutions for such purposes.

b. In order to be eligible to receive funds under this section, a Community Development Financial Institution shall demonstrate to the agency, in such form and manner as the agency shall prescribe:

(1) that it is financially sound;

(2) that it has experience financing the acquisition and rehabilitation of housing in the State of New Jersey;

(3) that it has a plan for the utilization of funds received under this section compliant with the requirements of subsection c. of this section and appropriate to further the acquisition and rehabilitation of eligible properties by qualified entities; and

(4) any other eligibility criteria as the agency may prescribe.

c. A Community Development Financial Institution receiving funds under this section, shall use these funds to provide direct loans, establish lines of credit, or provide credit enhancements for loan pools or loans by third parties as may be appropriate to further the acquisition and rehabilitation of eligible properties by qualified entities.

d. A Community Development Financial Institution receiving funds under this section, shall maximize the extent to which those funds will leverage private financing.

e. All loans made by Community Development Financial Institutions under this section shall be secured by a mortgage on the subject property.

f. Community Development Financial Institutions receiving funds under this section shall adopt written loan criteria as the agency may prescribe for all loans made, which shall take into account the development capacity and financial soundness of the loan recipient, market conditions in the areas in which eligible properties are located, and the reuse potential of such properties.

g. A Community Development Financial Institution receiving funds under this section shall provide semi-annual reports to the agency, in such form and manner as the agency shall prescribe, on activities carried out with those funds and the compliance of the institution with the requirements of this section and the regulations adopted thereunder.

C.55:14K-86.2 Regulations.

5. Notwithstanding any provision of P.L.1968, c.410 (C.52:14B-1 et seq.) to the contrary, the agency may adopt immediately upon filing with the Office of Administrative Law such regulations as the agency deems necessary to implement the provisions of this act, which shall be effective for a period not to exceed 180 days following enactment of P.L.2009, c.334 (C.55:14K-86.1 et al.) and which may thereafter be amended, adopted or readopted by the agency in accordance with the requirements of P.L.1968, c.410.

6. Section 7 of P.L.2008, c.127 is amended to read as follows:

7. Notwithstanding the provisions of P.L.2008, c.22 (C.52:9H-2.1 et al.), there is appropriated from the Long Term Obligation and Capital Expenditure Fund the sum of \$10,800,000 to the Mortgage and Neighborhood Stabilization Financing Assistance Program Fund for the purposes of the Mortgage and Neighborhood Stabilization Financing Assistance Program, of which five percent may be used for the purposes of administering the program.

C.55:14K-86.3 Additional uses for funds.

7. In addition to the uses specified for the Mortgage and Neighborhood Stabilization Financing Program Fund created by section 5 of P.L.2008, c.127 (C.55:14K-86) the agency

shall use up to \$2,200,000 in that fund to make grants to qualified non-profit agencies to support counseling on behalf of owner-occupant households at risk of foreclosure.

8. This act shall take effect immediately.

Approved January 18, 2010.