

CHAPTER 76

AN ACT expanding certain State programmatic interventions related to residential foreclosures and amending and supplementing P.L.2021, c.34.

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

1. Section 3 of P.L.2021, c.34 (C.55:14K-96) is amended to read as follows:

C.55:14K-96 Definitions relative to foreclosure prevention.

3. As used in P.L.2021, c.34 (C.55:14K-94 et al.):

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

"Community development corporation" means a nonprofit community development corporation established pursuant to Title 15 or 15A of the Revised Statutes of New Jersey, or other law of this State, with a focus on producing and operating affordable housing or housing with on-site social services for individuals with special needs.

"Community development financial institution" means an entity designated and certified by the United States Department of the Treasury as a Community Development Financial Institution pursuant to 12 CFR Part 1805.

"Foreclosure intervention contractor" or "contractor" means a community development financial institution or other non-profit entity with experience conducting dwelling rehabilitation, mortgage servicing and underwriting, financing and acquisition of real estate for affordable housing, or community development work that enters into a contract or loan with the agency pursuant to section 5 of P.L.1983, c.530 (C.55:14K-5).

"Eligible property" means any residential property or mortgage note that is owned by an institutional lender as the result of a mortgage foreclosure judgment or a deed in lieu of foreclosure, is owned by a municipality as the result of a tax foreclosure judgment or is subject to a nonperforming loan from an institutional lender.

"Fund" means the Foreclosure Intervention Fund, established pursuant to section 6 of P.L.2021, c.34 (C.55:14K-99).

"Institutional lender" or "lender" means any lawfully constituted mortgage lender, mortgage investor, or mortgage loan servicer that owns an eligible property, including, but not limited to, any agency or instrumentality of the United States or the State, including, but not limited to, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Federal Housing Administration, the Small Business Administration, the Resolution Funding Corporation, and the Federal Deposit Insurance Corporation.

"Program" means the "New Jersey Residential Foreclosure Intervention Program," initially established as the "New Jersey Residential Foreclosure Prevention Program" pursuant to section 4 of P.L.2021, c.34 (C.55:14K-97), and amended pursuant to P.L.2023, c.76 (C.55:14K-102 et al.).

"Rehabilitation" means the repair, reconstruction, or renovation of the interior or exterior of a residential dwelling which renders the dwelling safe, sanitary, and decent for residential purposes.

"Vacant and abandoned" means the same as the term is defined under subsections a. and b. of section 1 of P.L.2012, c.70 (C.2A:50-73).

2. Section 4 of P.L.2021, c.34 (C.55:14K-97) is amended to read as follows:

C.55:14K-97 "New Jersey Residential Foreclosure Prevention Program".

4. a. There is established in the agency the "New Jersey Residential Foreclosure Intervention Program," which shall be subject to the powers of the agency, as designated pursuant to section 5 of P.L.1983, c.530 (C.55:14K-5). The goals of the program are to ensure that:

- (1) loss mitigation and foreclosure prevention measures are taken on eligible properties; and
- (2) eligible properties that are vacant and abandoned are purchased and rehabilitated.

b. The agency in furtherance of the program may enter into contracts with any person, corporation, or entity which the agency determines to be necessary or appropriate to carry out its responsibilities under P.L.2021, c.34 (C.55:14K-94 et al.). Such contracts shall be subject to the procedures adopted pursuant to section 5 of P.L.2021, c.34 (C.55:14K-98). All contracts entered into in furtherance of the program shall be governed by the laws of the State and shall provide for indemnification of the agency.

c. In carrying out the agency's duties under P.L.2021, c.34 (C.55:14K-94 et al.), the agency may employ the consulting services of real estate and loan portfolio asset management firms, property management firms, auction marketing firms, brokerage services firms, appraisers, and such other consultants and employees required in the judgment of the agency, notwithstanding the provisions of Title 11A of the New Jersey Statutes.

d. Within 180 days following the enactment of P.L.2021, c.34 (C.55:14K-94 et al.), the agency shall adopt a funding plan for the program utilizing the Foreclosure Intervention Fund established pursuant to section 6 of P.L.2021, c.34 (C.55:14K-99). The agency may directly fund the program through revenue generated by the Foreclosure Intervention Fund. The agency shall have the authority to alter its funding plan as the Executive Director of the agency deems necessary. The funding plan shall include, but not be limited to, program revenue, expected expenditures and projections for the acquisition of foreclosed residential properties or mortgage assets.

e. Within 180 days following the enactment of P.L.2023, c.76 (C.55:14K-102 et al.), the agency shall amend the funding plan for the program to incorporate new programmatic elements established pursuant to P.L.2023, c.76 (C.55:14K-102 et al.). The funding plan shall include, but not be limited to, program revenue, expected expenditures and projections for the acquisition and rehabilitation of vacant and abandoned eligible properties or mortgage assets.

f. Either directly, or through its foreclosure intervention contractors, the agency may, pursuant to section 5 of P.L.2021, c.34 (C.55:14K-98), purchase eligible properties and mortgage assets in furtherance of the goals described in subsection a. of this section.

3. Section 5 of P.L.2021, c.34 (C.55:14K-98) is amended to read as follows:

C.55:14K-98 Entry into contracts, loans.

5. a. (1) The agency may enter into contracts or loans, or both, with one or more foreclosure intervention contractors to negotiate, bid for, and purchase eligible properties and mortgage assets for the purpose of facilitating the program. In selecting foreclosure intervention contractors, the agency shall accord a strong preference to entities that have substantial experience in and substantial knowledge of the State's real estate markets.

(2) Should the agency contract with a foreclosure intervention contractor for the purposes of section 5 of P.L.2021, c.34 (C.55:14K-98), the contract shall specify the amounts, schedules, and types of funding to be provided by the agency to the foreclosure intervention contractor, the repayment schedule for the portion of that funding to be repaid, and targeted goals for homeowner interventions. The agency may condition funding and goals upon the availability of funds to the program. The contract shall specify reasonable administrative costs sufficient

to enable the foreclosure intervention contractor to exercise its obligations pursuant to P.L.2021, c.34 (C.55:14K-94 et al.). The contract shall set forth criteria for instances when the purchase, sale, lease, and conveyance of properties furthers the purposes of P.L.2021, c.34 (C.55:14K-94 et al.).

b. All purchases, sales, leases, and conveyances of property by foreclosure intervention contractors exercised pursuant to this section shall be deemed to lessen the burdens of government in furthering the purposes of P.L.2021, c.34 (C.55:14K-94 et al.).

4. Section 6 of P.L.2021, c.34 (C.55:14K-99) is amended to read as follows:

C.55:14K-99 Foreclosure Intervention Fund.

6. a. There is established within the agency a Foreclosure Intervention Fund, which shall be a non-lapsing, revolving fund and which shall be the repository for funds appropriated or otherwise made available for the purposes of P.L.2021, c.34 (C.55:14K-94 et al.), and any interest earned thereon. The fund shall be administered by the agency, in accordance with its authority under section 5 of P.L.1983, c.530 (C.55:14K-5) to manage funds for housing programs.

b. The agency may transfer into the fund any amounts held or received by the agency that are needed by the agency or its foreclosure intervention contractors for the purchase or rehabilitation of eligible property pursuant to P.L.2021, c.34 (C.55:14K-94 et al.).

c. The agency may use annually up to five percent of the monies available in the fund for the payment of any necessary administrative costs related to the administration of the program.

d. Revenue generated through the mechanisms established pursuant to N.J.S.2A:17-38 exceeding the funding plan developed pursuant to subsection d. of section 4 of P.L.2021, c.34 (C.55:14K-97) may be appropriated by the agency for additional foreclosure prevention programs.

C.55:14K-102 Prospective homebuyer, enrolled, home buying assistance program, priority consideration.

5. A prospective homebuyer enrolled in another home buying assistance program administered by the agency shall receive priority consideration in the purchase of a residential property that has been purchased and rehabilitated with funds allocated from the Foreclosure Intervention Fund established pursuant to section 6 of P.L.2021, c.34 (C.55:14K-99).

6. This act shall take effect immediately.

Approved June 30, 2023.