LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 1443

STATE OF NEW JERSEY
221st LEGISLATURE

DATED: APRIL 16, 2024

SUMMARY

Synopsis: Establishes mortgage payment relief and foreclosure protection for certain homeowners impacted by the remnants of Hurricane Ida.

Type of Impact: Time-limited delay in State revenue collections; time-limited State expenditure increase.

Agencies Affected: Housing and Mortgage Finance Agency; State entities holding mortgage loans; Department of Law and Public Safety; the Judiciary; Department of Banking and Insurance.

Fiscal Impact	**FY 2024 – FY 2026**
Potential State Revenue Shift	Indeterminate
Potential State Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) anticipates that the one-year mortgage forbearance granted to certain homeowners under the bill will result in a time-limited delay in State revenue collections made by the Housing and Mortgage Finance Agency and any other State entities holding mortgage loans.

- The OLS cannot determine the number of homeowners with mortgages through State agencies who will request and be eligible for the mortgage forbearance, for how many months they will suspend payment, or the amount of the mortgage payments typically owed. Therefore, the timing and amount of the delayed revenues are indeterminate.

- The OLS determines that there may be a State expenditure increase as result of the bill authorizing the Attorney General to bring an action against a mortgage servicer alleged to have furnished negative information to a debt collector or credit reporting agency. These violations may result in a State revenue increase associated with fines collected pursuant to the bill.

- The OLS finds there may also be a State expenditure increase associated with the bill's requirement that the Department of Banking and Insurance investigate certain complaints made by storm-impacted homeowners who were denied a forbearance.

BILL DESCRIPTION

This bill would require mortgage servicers to grant a mortgage forbearance to certain storm-impacted homeowners. This mortgage forbearance suspends the obligations for mortgage principal and interest payments. A storm-impacted homeowner is the mortgagor of title of a residential property which they occupied as their primary residence as of August 31, 2021 and obtained federal disaster assistance for disaster-related needs as a result of Hurricane Ida. A mortgage servicer is required to grant a mortgage forbearance if the storm-impacted homeowner submits a written request to the mortgage servicer, prior to the first day of the sixth month next following enactment of the bill, affirming that: (1) the storm-impacted homeowner suffered a negative financial impact as a result of damage to their primary residence due to the remnant of Hurricane Ida, and obtained federal disaster assistance as a result; (2) the gross household income of the storm-impacted homeowner, in 2022, did not exceed 150 percent of the most recent area median income by zip code, unless this requirement is waived by the mortgage lender; and (3) if the storm-impacted homeowner possesses one or more bank accounts, those bank accounts collectively contain less than six months' reserves of the storm-impacted homeowner's gross household income for 2021. Mortgage servicers would be required to grant one year of mortgage forbearance to eligible storm-affected homeowners. During the period of forbearance, mortgage servicers would be prohibited from initiating the foreclosure process.

Mortgage servicers would be prohibited from furnishing negative mortgage payment information to a debt collector or credit reporting agency related to the mortgage payments subject to the forbearance. The bill would also permit the Attorney General to, on their own initiative or in response to a complaint, bring an action alleging a mortgage servicer has violated this prohibition, with a penalty including a fine of up to $5,000 per violation. A storm-impacted homeowner denied a forbearance by a mortgage servicer licensed by the Department of Banking and Insurance may file a complaint with that department.

The repayment period of a mortgage granted forbearance would be extended by the number of months the forbearance was in effect, constituting an extension of the mortgage, unless the property owner chooses to make the payments earlier.

Mortgage loans made, insured, or securitized by the following entities, or serviced pursuant to the policies of these entities, would not be subject to the mortgage forbearance requirements: the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration of the United States Department of Housing and Urban Development, the Department of Veterans Affairs, and the Rural Housing Service.

A storm-impacted homeowner who is the subject of a foreclosure proceeding shall be awarded, by the court and upon application by the property owner, a stay in the foreclosure proceedings if the conditions for a mortgage forbearance are satisfied and the homeowner applies to the court before the first day of the sixth month next following the effective date of the bill. The court may extend the application deadline. The award of stay shall conclude one year following the initial award of a stay of foreclosure proceedings or January 1, 2026, whichever is earlier.

The bill would take effect immediately and apply retroactively to mortgage payments missed subsequent to September 1, 2021.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

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The OLS finds there may also be a State expenditure increase associated with the bill's requirement that the Department of Banking and Insurance investigate certain complaints made by storm-impacted homeowners who were denied a forbearance.

Section:	*Local Government*
Analyst:	*Grace Ahlin* *Assistant Fiscal Analyst*
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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).