

# ASSEMBLY, No. 4332

## STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED DECEMBER 7, 2009

**Sponsored by:**

**Assemblyman VINCENT PRIETO**

**District 32 (Bergen and Hudson)**

### **SYNOPSIS**

The “Residential Distressed Property Leaseback Act.”

### **CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning certain residential sale-leaseback transactions,  
2 and supplementing Title 46 of the Revised Statutes.

3  
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
5 *of New Jersey:*

6  
7 1. This act shall be known and may be cited as the “Residential  
8 Distressed Property Leaseback Act.”

9  
10 2. As used in this act:

11 “Distressed homeowner” means any person residing in a  
12 property as an owner-occupied residence that is collateralized by a  
13 mortgage, and the property is the subject of a foreclosure as  
14 evidenced by a notice of intention to foreclose served upon the  
15 person pursuant to the “Fair Foreclosure Act,” P.L.1995, c.244  
16 (C.2A:50-53 et al.) and the filing of a notice of lis pendens  
17 concerning the foreclosure action pursuant to N.J.S.2A:15-6 et seq.

18 “Distressed property buyer” means any person who purchases a  
19 property from a distressed homeowner or otherwise secures an  
20 interest in title to the property from the distressed homeowner, with  
21 the intention of permitting the distressed homeowner to reside at the  
22 property as a tenant pursuant to a residential lease agreement, or a  
23 tenant-buyer if the residential lease agreement is accompanied by an  
24 option to purchase agreement for the property.

25 “Distressed property conveyance” means any transaction  
26 involving the sale or other transfer of interest in title by a distressed  
27 homeowner to a distressed property buyer, permitting the distressed  
28 homeowner to reside at the property as a tenant pursuant to a  
29 residential lease agreement, or a tenant-buyer if the residential lease  
30 agreement is accompanied by an option to purchase agreement for  
31 the property.

32 “Option to purchase agreement” means a contract between a  
33 distressed property buyer and distressed homeowner which contains  
34 an exclusive, irrevocable right for a specified period, provided by  
35 the distressed property buyer to the distressed homeowner for a fee  
36 or other consideration, to purchase a property that was subject to a  
37 distressed property conveyance for a determinable price. The  
38 distressed homeowner as a tenant-buyer shall not be required to  
39 exercise the optional right to purchase the property under any  
40 contract agreed to with the distressed property buyer.

41 “Property” means residential real property in this State,  
42 consisting of one to four dwelling units, at least one of which is  
43 occupied by a distressed homeowner as a primary residence, and  
44 which will continue to be occupied by the distressed homeowner as  
45 a primary residence following a distressed property conveyance,  
46 either as a tenant pursuant to a residential lease agreement, or a  
47 tenant-buyer if the residential lease agreement is accompanied by an  
48 option to purchase agreement for the property.

1       “Residential lease agreement” means a contract between a  
2 distressed property buyer and distressed homeowner that contains  
3 terms, including the monthly rental obligation, under which the  
4 distressed homeowner, as former owner of a property, is permitted  
5 to lease the property for a specified period and reside there as a  
6 tenant.

7  
8       3. a. Any distressed property conveyance between a distressed  
9 homeowner and distressed property buyer shall be in writing in a  
10 form containing at least 12-point type. The distressed property  
11 buyer shall provide an executed copy of the written agreement,  
12 properly notarized by a notary public who is commissioned  
13 pursuant to the “Notaries Public Act of 1979,” P.L.1979, c.460  
14 (C.52:7-10 et seq.), to the distressed homeowner at the time at  
15 which the homeowner signs the agreement.

16       b. The written agreement for the distressed property  
17 conveyance shall contain at least the following:

18       (1) the name and mailing address of the distressed homeowner;

19       (2) the name and mailing address of the distressed property  
20 buyer;

21       (3) the date on which the conveyance agreement is signed by  
22 both the distressed homeowner and distressed property buyer;

23       (4) the recorded physical location of the property that is the  
24 subject of the conveyance;

25       (5) the purchase price or other consideration provided for the  
26 property that is the subject of the conveyance, and an indication that  
27 this consideration represents the greater of: at least 82% of the  
28 current appraised fair market value of the property; or at least the  
29 amount necessary to satisfy any lien or encumbrance upon the  
30 property, unless the lien or encumbrance is forgiven as part of a  
31 short sale, as set forth under paragraph (2) of subsection d. of this  
32 section;

33       (6) the period of time the distressed property buyer has to  
34 purchase or otherwise acquire title to the property and otherwise  
35 perform all conditions contained in the conveyance agreement;

36       (7) the amount of any down payment or other initial  
37 consideration provided by the distressed property buyer to the  
38 distressed homeowner at the time of the execution of the  
39 conveyance agreement;

40       (8) the address at which the settlement of the conveyance  
41 agreement will occur;

42       (9) the name of the attorney or other representative for one or  
43 both parties handling and administering the settlement of the  
44 conveyance agreement;

45       (10) the date on which the settlement of the conveyance  
46 agreement shall occur;

47       (11) a notice that, as a condition of the settlement of the  
48 conveyance agreement, a residential lease agreement shall be

1 executed between the distressed property buyer and distressed  
2 homeowner, as former owner of the property, unless the conveyance  
3 agreement involves a short sale, as set forth under paragraph (2) of  
4 subsection d. of this section;

5 (12) a notice that, as an option accompanying the settlement of  
6 the conveyance agreement, an option to purchase agreement may be  
7 executed between the distressed property buyer and distressed  
8 homeowner, as former owner of the property, permitting the  
9 distressed homeowner the opportunity to purchase back the property  
10 from the distressed property buyer; and

11 (13) a notice concerning a seven-day right of cancellation on the  
12 conveyance agreement, which includes:

13 (a) an attorney review period of seven days for any party to the  
14 agreement, from the date the conveyance agreement is executed by  
15 all parties;

16 (b) instructions that cancellation of the conveyance agreement  
17 during the seven-day period shall be effectuated in writing, sent by  
18 certified mail, informing the recipient of the decision to cancel the  
19 agreement, which may be done with or without cause; and

20 (c) the following text presented to the distressed homeowner in  
21 bold face 14-point type:

22  
23 **This agreement is an important legally binding**  
24 **contract that will result in the forfeiture of some or all**  
25 **ownership interest you have in this property. Please**  
26 **take the next seven (7) days to review this agreement**  
27 **with competent legal counsel to determine if this**  
28 **arrangement is in your best interest.**

29  
30 c. Any distressed property conveyance between a distressed  
31 homeowner and distressed property buyer shall comply with the  
32 provisions of this act, and may be conducted by an attorney or a  
33 title insurance company licensed pursuant to “The Title Insurance  
34 Act of 1974,” P.L.1975, c.106 (C.17:46B-1 et seq.).

35 d. The purchase price or other consideration provided for the  
36 property that is the subject of the conveyance agreement shall be  
37 the greater of:

38 (1) at least 82% of the current appraised fair market value of the  
39 property as determined by a real estate appraiser licensed or  
40 certified pursuant to the “Real Estate Appraisers Act,” P.L.1991,  
41 c.68 (C.45:14F-1 et al.); or

42 (2) at least the amount necessary to satisfy any lien or  
43 encumbrance upon the property including, but not limited to,  
44 mortgage principal, mortgage interest, mortgage arrears and tax  
45 arrears, unless the conveyance agreement involves a short sale, in  
46 which the purchase price or other consideration for the conveyance  
47 is less than the amount a person is owed under a lien or

1 encumbrance on the property, but that person agrees to accept the  
2 lesser amount resulting from the conveyance and forgive any  
3 unpaid balance remaining on the lien or encumbrance.

4 e. Any money or other consideration due to the distressed  
5 homeowner from the distressed property buyer at the time of the  
6 settlement of the conveyance agreement shall be paid directly to the  
7 homeowner in full, and shall not be held in escrow.

8  
9 4. a. As a condition of the settlement of the conveyance  
10 agreement for a distressed property conveyance set forth pursuant to  
11 section 3 of this act, a residential lease agreement shall be executed  
12 for the same property between the distressed property buyer and  
13 distressed homeowner, as former owner of the property, unless the  
14 conveyance agreement involves a short sale as set forth under  
15 paragraph (2) of subsection d. of that section 3.

16 b. The residential lease agreement shall be in writing in a form  
17 containing at least 12-point type. The distressed property buyer  
18 shall provide an executed copy of the written lease agreement,  
19 properly notarized by a notary public who is commissioned  
20 pursuant to the "Notaries Public Act of 1979," P.L.1979, c.460  
21 (C.52:7-10 et seq.), to the distressed homeowner, as former owner  
22 of the property, who will reside at the property as a tenant, at the  
23 time at which the distressed homeowner signs the agreement.

24 c. The written residential lease agreement shall contain at least  
25 the following:

26 (1) the name and mailing address of the distressed property  
27 buyer and any agent for the buyer acting as a landlord for the  
28 property;

29 (2) the name of the former distressed homeowner residing at,  
30 and responsible for, the property as a tenant;

31 (3) the name of any additional occupant residing at the property;

32 (4) the date on which the residential lease agreement is signed  
33 by both the former distressed homeowner to be a tenant under the  
34 agreement and the distressed property buyer;

35 (5) the recorded physical location of the property that is the  
36 subject of the residential lease agreement, which shall be the same  
37 property that is the subject of the distressed property conveyance set  
38 forth pursuant to section 3 of this act;

39 (6) the monthly rental obligation for the former distressed  
40 homeowner as a tenant residing on the property, with an indication:

41 (a) that the monthly rental obligation shall not exceed 31% of  
42 the tenant's gross monthly income, as required by subsection d. of  
43 this section; and

44 (b) that each monthly rental obligation may not be declared due  
45 more than 30 days immediately preceding the month during which  
46 the tenant shall reside at the property, as required by subsection e.  
47 of this section;

48 (7) the length of time of the residential lease agreement;

1 (8) the mailing address to which the monthly rental obligation  
2 shall be remitted, if different from the mailing address for the  
3 distressed property buyer and agent provided under paragraph (1) of  
4 this subsection; and

5 (9) the amount of any security deposit required by the  
6 residential lease agreement, and an indication that all information  
7 concerning the investment or deposit of the security deposit shall be  
8 provided to the former distressed homeowner as a tenant under the  
9 agreement, as required by section 1 of P.L.1967, c.265 (C.46:8-19).

10 d. The monthly rental obligation of the former distressed  
11 homeowner as a tenant set forth in the residential lease agreement  
12 shall not exceed 31% of his gross monthly income at the time of  
13 executing the agreement, determined as follows:

14 (1) the average of salary or wages for the three most recent  
15 calendar months, as evidenced by an employer provided paycheck,  
16 pay stub, or other similar proof of compensation; or

17 (2) the average of the bank deposits for compensation for work,  
18 for the three most recent calendar months, if the tenant is self-  
19 employed.

20 e. The monthly rental obligation set forth in the residential  
21 lease agreement may not be declared due more than 30 days  
22 immediately preceding the month during which the former  
23 distressed homeowner as a tenant under the agreement shall reside  
24 at the property.

25 f. In addition to the provisions of this section, the residential  
26 lease agreement shall comply with any State law applicable to  
27 residential real property in this State consisting of one to four  
28 dwelling units.

29

30 5. a. As an option accompanying the settlement of the  
31 conveyance agreement set forth pursuant to section 3 of this act and  
32 an executed residential lease agreement set forth pursuant to section  
33 4 of this act, an option to purchase agreement may be executed  
34 between the distressed property buyer and distressed homeowner, as  
35 former owner of the property, permitting the distressed homeowner  
36 the exclusive, irrevocable right, as a tenant-buyer, to purchase back  
37 the property from the distressed property buyer. The terms and  
38 conditions of the option to purchase agreement shall be contingent  
39 upon the tenant-buyer's fulfillment of all obligations under the  
40 residential lease agreement. The failure to fulfill any obligation  
41 under the residential lease agreement shall render the option to  
42 purchase agreement voidable by the distressed property buyer.

43 b. The option to purchase agreement shall be in writing in a  
44 form containing at least 12-point type. The distressed property  
45 buyer shall provide an executed copy of the written option to  
46 purchase agreement, properly notarized by a notary public who is  
47 commissioned pursuant to the "Notaries Public Act of 1979,"  
48 P.L.1979, c.460 (C.52:7-10 et seq.), to the distressed homeowner, as

1 former owner of the property, residing as a tenant-buyer under the  
2 executed residential lease agreement set forth pursuant to section 4  
3 of this act and this agreement, at the time at which the distressed  
4 homeowner signs the option to purchase agreement.

5 c. The written option to purchase agreement shall contain at  
6 least the following:

7 (1) the name and mailing address of the distressed homeowner  
8 as the tenant-buyer under the executed residential lease agreement  
9 and the option to purchase agreement;

10 (2) the name and mailing address of the distressed property  
11 buyer;

12 (3) the date on which the option to purchase agreement is signed  
13 by both the former distressed homeowner as a tenant-buyer and the  
14 distressed property buyer;

15 (4) the recorded physical location of the property that is the  
16 subject of the option to purchase agreement, which shall be the  
17 same property that is the subject of the distressed property  
18 conveyance and residential lease agreement set forth pursuant to  
19 sections 3 and 4 of this act;

20 (5) (a) the purchase price or other consideration provided for  
21 the property that is the subject of the option to purchase agreement;  
22 or

23 (b) the manner in which the purchase price or other  
24 consideration shall be determined at the time the distressed  
25 homeowner, as a tenant-buyer, exercises his optional right to  
26 purchase back the property from the distressed property buyer,  
27 which shall include an appraisal of the property by a real estate  
28 appraiser licensed or certified pursuant to the "Real Estate  
29 Appraisers Act," P.L.1991, c.68 (C.45:14F-1 et al.);

30 (6) the amount of any fee or other consideration provided by the  
31 distressed homeowner as a tenant-buyer at the time of the execution  
32 of the option to purchase agreement as consideration for the  
33 agreement, which shall not exceed 3.5% of the purchase price or  
34 other consideration provided for the property pursuant to paragraph  
35 (5) of this subsection; and, the amount, if any, of this fee or other  
36 consideration that shall be applied as credit towards the purchase of  
37 the property if the tenant-buyer exercises his optional right to  
38 purchase back the property from the distressed property buyer;

39 (7) the amount of any money to be provided by the former  
40 distressed homeowner as a tenant-buyer to the distressed property  
41 buyer, to be credited towards the purchase of the property, remitted  
42 on a monthly basis in excess of the monthly rental obligation  
43 established pursuant to the executed residential lease agreement  
44 between the parties;

45 (8) the amount of any charge or fee to the distressed homeowner  
46 as a tenant-buyer for services included in the option to purchase  
47 agreement that is distinct from the fee, money, or other

1 consideration described in paragraphs (5) through (7) of this  
2 subsection;

3 (9) a notice that the distressed property buyer shall be  
4 responsible for the payment of taxes, insurance, assessments, and  
5 any other charges against the property during the length of time of  
6 the agreement, and if the former distressed homeowner as a tenant-  
7 buyer exercises his optional right to purchase back the property, the  
8 distressed property buyer shall deliver the deed and convey title to  
9 the property free of any liens or encumbrances as a condition of the  
10 settlement of the option to purchase agreement; and

11 (10) a notice that the distressed property buyer, as a condition of  
12 the settlement of the option to purchase agreement, shall not  
13 possess a mortgage on the property that is the subject of the  
14 agreement in an amount greater than the purchase price or other  
15 consideration provided for the property as agreed to between the  
16 distressed property buyer and former distressed homeowner as a  
17 tenant-buyer pursuant to paragraph (5) of this subsection.

18 d. The option to purchase agreement shall provide for a length  
19 of time of at least three years within which the former distressed  
20 homeowner as tenant-buyer may exercise his exclusive, irrevocable  
21 right to purchase back the property from the distressed property  
22 buyer.

23 e. With respect to the amount of any fee or other consideration  
24 provided by the former distressed homeowner as a tenant-buyer at  
25 the time of the execution of the option to purchase agreement as  
26 consideration for the agreement, as set forth in paragraph (6) of  
27 subsection c. of this section:

28 (1) the entire fee or other consideration shall be provided by the  
29 tenant-buyer at the time of the execution of the option to purchase  
30 agreement;

31 (2) the distressed property buyer may declare some or all of the  
32 fee or other consideration to be non-refundable, regardless of  
33 whether the tenant-buyer exercises his right to purchase back the  
34 property from the distressed property buyer pursuant to the option  
35 to purchase agreement, or declare that some or all of the fee or other  
36 consideration shall be applied as credit toward the purchase of the  
37 property, if the tenant-buyer does exercise his right to purchase  
38 back the property, so long as this declaration is agreed to by the  
39 tenant-buyer and expressly stated in the agreement; and

40 (3) the fee or other consideration provided to the distressed  
41 property buyer shall not constitute an equitable ownership interest  
42 in the property.

43 f. With respect to any money provided by the distressed  
44 homeowner as a tenant-buyer to the distressed property buyer,  
45 remitted as a monthly credit towards the purchase of the property in  
46 excess of the monthly rental obligation established pursuant to the  
47 executed residential lease agreement between the parties, as set  
48 forth in paragraph (7) of subsection c. of this section:



1 (1) the distressed property buyer may declare some or all of the  
2 money to be non-refundable, if the tenant-buyer does not exercise  
3 his right to purchase back the property from the distressed property  
4 buyer pursuant to the option to purchase agreement, so long as this  
5 declaration is agreed to by the tenant-buyer and expressly stated in  
6 the agreement; and

7 (2) the money provided the distressed property buyer shall not  
8 constitute an equitable ownership interest in the property.

9 g. If the distressed homeowner as a tenant-buyer exercises his  
10 right to purchase back the property from the distressed property  
11 buyer pursuant to the option to purchase agreement, any amount  
12 still owed toward the purchase price or other consideration on the  
13 property, as set forth in the agreement, following the application of  
14 any fee, money, or other consideration described under paragraphs  
15 (6) and (7) of subsection c. of this section by the distressed property  
16 buyer as credit towards the purchase, shall be the sole responsibility  
17 of the tenant-buyer.

18  
19 6. a. A distressed homeowner or distressed property buyer may  
20 bring an action in a court of competent jurisdiction for legal and  
21 equitable relief against the other party for failing to comply with the  
22 provisions of this act, or if the other party violates any of the  
23 contract provisions set forth in any written agreement for a  
24 distressed property conveyance, residential lease agreement, or  
25 option to purchase agreement between the parties as provided by  
26 this act. The relief sought by the distressed homeowner or  
27 distressed property buyer may include enforcement or rescission of  
28 any agreement, damages, including consequential damages, and  
29 restitution.

30 b. A distressed property buyer, in accordance with  
31 N.J.S.2A:18-51 et seq. and any other applicable State eviction law,  
32 may initiate an eviction action against a distressed homeowner as a  
33 tenant under a residential lease agreement, for failure to comply  
34 with the provisions of that agreement.

35  
36 7. The provisions of this act shall not be construed to affect,  
37 modify, or rescind any right, benefit, privilege or obligation, or  
38 available legal remedy to enforce or cancel any right, benefit,  
39 privilege or obligation, under any applicable State and federal law  
40 concerning the purchase of a property, and any mortgage or other  
41 financing of the purchase, that is the subject of a distressed property  
42 conveyance.

43  
44 8. This act shall take effect on the first day of the third month  
45 next following enactment, and shall apply to any distressed property  
46 conveyance agreement and related residential lease and option to  
47 purchase agreements executed on or after the effective date.

## STATEMENT

This bill, titled the “Residential Distressed Property Leaseback Act,” intends to regulate those transactions in which a distressed homeowner, facing a foreclosure action, conveys property or an interest in title to the property to another party, a “distressed property buyer,” with the intention of residing at the property as a tenant; and in some cases, possessing a prearranged opportunity to purchase back the property from the distressed property buyer. The bill applies to residential real property in this State, consisting of one to four dwelling units, at least one of which is occupied by the distressed homeowner as a primary residence.

Any such distressed property conveyance shall be in writing, as well as properly notarized by a notary public at the time the distressed homeowner signs the agreement. This agreement shall include a seven-day right of cancellation by any party, which shall be effectuated in writing, sent by certified mail, informing the recipient of the decision to cancel the agreement.

The purchase price or other consideration provided for the property that is the subject of the conveyance shall be the greater of: (1) at least 82% of the current appraised fair market value of the property as determined by a real estate appraiser licensed or certified pursuant to the “Real Estate Appraisers Act,” P.L.1991, c.68 (C.45:14F-1 et al.); or (2) at least the amount necessary to satisfy any lien or encumbrance upon the property including, but not limited to, mortgage principal, mortgage interest, mortgage arrears and tax arrears, unless the conveyance agreement involves a short sale, in which the purchase price or other consideration for the conveyance is less than the amount a person is owed under a lien or encumbrance on the property, but that person agrees to accept the lesser amount resulting from the conveyance and forgive any unpaid balance remaining on the lien or encumbrance.

As a condition of the settlement of the distressed property conveyance, a residential lease agreement shall be executed for the same property between the distressed property buyer and distressed homeowner, as former owner of the property, unless the conveyance agreement involves a short sale as described above. As with the conveyance agreement, the residential lease agreement shall be in writing, and notarized by a notary public at the time the former homeowner, who will reside at the property as a tenant, signs the agreement.

The monthly rental obligation of the former distressed homeowner as a tenant set forth in the residential lease agreement shall not exceed 31% of his gross monthly income at the time of executing the agreement, determined as follows: (1) the average of salary or wages for the three most recent calendar months, as evidenced by an employer provided paycheck, pay stub, or other similar proof of compensation; or (2) the average of the bank

1 deposits for compensation for work, for the three most recent  
2 calendar months, if he is self-employed. This obligation may not be  
3 declared due more than 30 days immediately preceding the month  
4 during which the former distressed homeowner as a tenant under the  
5 agreement shall reside at the property.

6 Additionally, the residential lease agreement shall comply with  
7 any State law applicable to residential real property in this State  
8 consisting of one to four dwelling units.

9 As an option accompanying the settlement of the conveyance  
10 agreement and an executed residential lease agreement, an option to  
11 purchase agreement may be executed between the distressed  
12 property buyer and distressed homeowner, as former owner of the  
13 property, permitting the distressed homeowner the exclusive,  
14 irrevocable right, as a tenant-buyer, to purchase back the property  
15 from the distressed property buyer. The terms and conditions of the  
16 option to purchase agreement shall be contingent upon the tenant-  
17 buyer's fulfillment of all obligations under the residential lease  
18 agreement. The failure to fulfill any obligation under the residential  
19 lease agreement shall render the option to purchase agreement  
20 voidable by the distressed property buyer.

21 The option to purchase agreement, as with the conveyance  
22 agreement and residential lease agreement, shall be in writing, and  
23 notarized by a notary public at the time the former homeowner, who  
24 will reside at the property as a tenant-buyer pursuant to the  
25 executed residential lease agreement and option to purchase  
26 agreement, signs the latter agreement.

27 The option to purchase agreement shall provide for a length of  
28 time of at least three years within which the former distressed  
29 homeowner as tenant-buyer may exercise his exclusive, irrevocable  
30 right to purchase back the property from the distressed property  
31 buyer. The agreement shall contain provisions concerning any fee  
32 or other consideration provided by the tenant-buyer as consideration  
33 for the agreement, which shall not exceed 3.5% of the purchase  
34 price or other consideration for the property, as well as provisions  
35 concerning the amount of money to be provided, in monthly  
36 installments in excess of the monthly rental obligation, and credited  
37 toward the purchase of the property.

38 With respect to the amount of any fee or other consideration  
39 provided as consideration for the option to purchase agreement: (1)  
40 the entire fee or other consideration shall be provided by the tenant-  
41 buyer at the time of the execution of the agreement; (2) the  
42 distressed property buyer may declare some or all of the fee or other  
43 consideration to be non-refundable, regardless of whether the  
44 tenant-buyer exercises his right to purchase back the property from  
45 the distressed property buyer pursuant to the option to purchase  
46 agreement, or declare that some or all of the fee or other  
47 consideration shall be credited toward the purchase of the property,  
48 if the tenant-buyer does exercise his right to purchase back the

1 property, so long as this declaration is agreed to by the tenant-buyer  
2 and expressly stated in the agreement; and (3) the fee or other  
3 consideration provided the distressed property buyer shall not  
4 constitute an equitable ownership interest in the property.

5 With respect to any money provided as a monthly credit towards  
6 the purchase of the property: (1) the distressed property buyer may  
7 declare some or all of the money to be non-refundable, if the tenant-  
8 buyer does not exercise his right to purchase back the property from  
9 the distressed property buyer pursuant to the option to purchase  
10 agreement, so long as this declaration is agreed to by the tenant-  
11 buyer and expressly stated in the agreement; and (2) the money  
12 provided to the distressed property buyer shall not constitute an  
13 equitable ownership interest in the property.

14 If the former distressed homeowner as a tenant-buyer exercises  
15 his right to purchase back the property from the distressed property  
16 buyer pursuant to the option to purchase agreement, any amount  
17 still owed toward the purchase price or other consideration on the  
18 property, as set forth in the agreement, following the application of  
19 any of the credit toward the purchase, shall be the sole  
20 responsibility of the tenant-buyer.

21 A distressed homeowner or distressed property buyer may bring  
22 an action in a court of competent jurisdiction for legal and equitable  
23 relief against the other party for failing to comply with the  
24 provisions of the bill, or if the other party violates any of the  
25 contract provisions set forth in any written agreement for a  
26 distressed property conveyance, residential lease agreement, or  
27 option to purchase agreement between the parties. The relief sought  
28 by the distressed homeowner or distressed property buyer may  
29 include enforcement or rescission of any agreement, damages,  
30 including consequential damages, and restitution.

31 In addition, a distressed property buyer, in accordance with  
32 N.J.S.2A:18-51 et seq. and any other applicable State eviction law,  
33 may initiate an eviction action against a distressed homeowner as a  
34 tenant under a residential lease agreement, for failure to comply  
35 with the provisions of that agreement.