

[First Reprint]

**ASSEMBLY, No. 5130**

**STATE OF NEW JERSEY**  
**219th LEGISLATURE**

INTRODUCED DECEMBER 10, 2020

**Sponsored by:**

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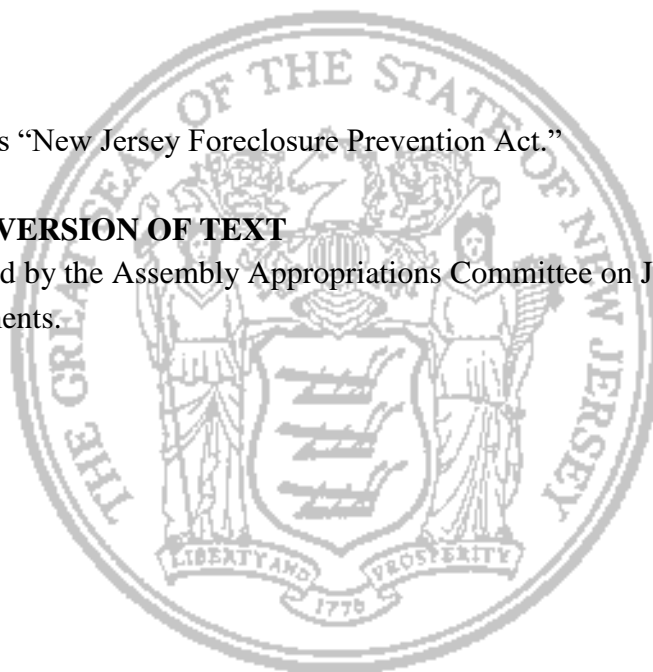
**Assemblywomen Quijano, Tucker, Timberlake, Assemblyman Mazzeo,  
Assemblywoman McKnight, Assemblyman McKeon and Senator Turner**

**SYNOPSIS**

Establishes “New Jersey Foreclosure Prevention Act.”

**CURRENT VERSION OF TEXT**

As reported by the Assembly Appropriations Committee on January 7, 2021,  
with amendments.



**(Sponsorship Updated As Of: 2/19/2021)**

1 AN ACT concerning the mitigation of loss on distressed and  
2 foreclosed properties, supplementing and amending Title 55 of  
3 the Revised Statutes, and amending Title 2A of the New Jersey  
4 Statutes.

5

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

8

9 1. (New section) This act shall be known and may be cited as  
10 the "New Jersey Foreclosure Prevention Act."

11

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

13 a. New Jersey experienced heightened foreclosure rates during  
14 the Great Recession beginning in 2008 and continuing for the  
15 ensuing decade, only returning to pre-recession rates of foreclosure  
16 in 2019.

17 b. New Jersey is currently suffering through the COVID-19  
18 pandemic, with more than 1.6 million New Jersey residents seeking  
19 unemployment benefits due to job loss, furlough, or hour  
20 reductions.

21 c. Homeowners in New Jersey have suffered enormous negative  
22 economic impacts due to the COVID-19 pandemic, resulting in  
23 increased housing insecurity. During each month from April 2020  
24 through August 2020, the number of New Jersey households that  
25 deferred or did not pay their mortgages exceeded 160,000;

26 d. Given New Jersey's susceptibility to prolonged periods of  
27 elevated rates of foreclosure, as evidenced by the long-term impact  
28 of the Great Recession, the Legislature hereby determines and  
29 declares that there is a need to provide alternative foreclosure  
30 mitigation measures.

31

32 3. (New section) As used in P.L. , c. (C. ) (pending  
33 before the Legislature as this bill):

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

37 "Community development corporation" means a nonprofit  
38 community development corporation established pursuant to Title  
39 15 or 15A of the Revised Statutes of New Jersey, or other law of  
40 this State, with a focus on producing and operating affordable  
41 housing or housing with on-site social services for individuals with  
42 special needs.

43 "Community development financial institution" means an entity  
44 designated and certified by the United States Department of the

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Assembly AAP committee amendments adopted January 7, 2021.

1 Treasury as a Community Development Financial Institution  
2 pursuant to 12 CFR Part 1805.

3 “Contractor” means a qualified community development  
4 financial institution that enters into a contract or loan with the  
5 agency pursuant to section 5 of P.L.1983, c.530 (C.55:14K-5).

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

11 “Fund” means the Foreclosure Intervention Fund, established  
12 pursuant to section 4 of P.L. , c. (C. ) (pending before the  
13 Legislature as this bill).

14 “Institutional lender” or “lender” means any lawfully constituted  
15 mortgage lender, mortgage investor, or mortgage loan servicer that  
16 owns an eligible property, including, but not limited to, any agency  
17 or instrumentality of the United States or the State, including, but  
18 not limited to, the Government National Mortgage Association, the  
19 Federal Home Loan Mortgage Corporation, the Federal National  
20 Mortgage Association, the Federal Housing Administration, the  
21 Small Business Administration, the Resolution Funding  
22 Corporation, and the Federal Deposit Insurance Corporation.

23 “Intercreditor agreement” means an agreement among creditors  
24 that sets forth the various lien positions and the rights and liabilities  
25 of each creditor and its impacts on the other creditors.

26 “Program” means the “New Jersey Residential Foreclosure  
27 Prevention Program” established pursuant to section 4 of P.L. ,  
28 c. (C. ) (pending before the Legislature as this bill).

29 “Qualified community development financial institution” means  
30 a community development financial institution that has a minimum  
31 of \$50,000,000 in assets and a minimum of two years' experience in  
32 the financing and acquisition of real estate for affordable housing.

33

34 4. (New section) a. There is established in the agency the “New  
35 Jersey Residential Foreclosure Prevention Program,” which shall be  
36 subject to the powers of the agency, as designated pursuant to  
37 section 5 of P.L.1983, c.530 (C.55:14K-5). The goal of the  
38 program is to ensure that loss mitigation and foreclosure prevention  
39 measures are taken on eligible properties. Either directly, or  
40 through its contractors, the agency may purchase eligible properties  
41 and mortgage assets in furtherance of this goal, pursuant to section  
42 5 of P.L. , c. (C. ) (pending before the Legislature as this  
43 bill).

44 b. The agency in furtherance of the program may enter into  
45 contracts with any person, corporation, or entity which the agency  
46 determines to be necessary or appropriate to carry out its  
47 responsibilities under P.L. , c. (C. ) (pending before the  
48 Legislature as this bill). Such contracts shall be subject to the

1 procedures adopted pursuant to section 5 of P.L. , c. (C. )  
2 (pending before the Legislature as this bill). All contracts entered  
3 into in furtherance of the program shall be governed by the laws of  
4 the State and shall provide for indemnification of the agency.

5 c. In carrying out the agency's duties under P.L. ,  
6 c. (C. ) (pending before the Legislature as this bill), the  
7 agency may employ the consulting services of real estate and loan  
8 portfolio asset management firms, property management firms,  
9 auction marketing firms, brokerage services firms, appraisers, and  
10 such other consultants and employees required in the judgment of  
11 the agency, notwithstanding the provisions of Title 11A of the New  
12 Jersey Statutes.

13 d. Within 180 days following the enactment of P.L. ,  
14 c. (C. ) (pending before the Legislature as this bill), the  
15 agency shall adopt a funding plan for the program utilizing the  
16 "Foreclosure Intervention Fund" established pursuant to section 6  
17 of P.L. , c. (C. ) (pending before the Legislature as this bill).  
18 The agency may directly fund the program through revenue  
19 generated by the fund. The agency shall have the authority to alter  
20 its funding plan as the Executive Director of the agency deems  
21 necessary. The funding plan shall include, but not be limited to,  
22 program revenue, expected expenditures and projections for the  
23 acquisition of foreclosed residential properties or mortgage assets.  
24

25 5. (New section) a. (1) The agency may enter into contracts  
26 or loans, or both, with no more than two qualified community  
27 development financial institutions to negotiate, bid for, and  
28 purchase eligible properties and mortgage assets for the purpose  
29 facilitating the program. In selecting contractors from among  
30 qualified community development financial institutions, the agency  
31 shall accord a strong preference to qualified community  
32 development financial institutions that have substantial experience  
33 in lending in the State and substantial knowledge of the State's real  
34 estate markets. The agency may enter into contracts or loans, or  
35 both, with a partnership or consortia of organizations, as long as a  
36 qualified community development financial institution is the lead  
37 entity, or a partnership or consortia of multiple qualified community  
38 development financial institutions.

39 (2) Should the agency contract with a community development  
40 financial institution for the purposes of P.L. , c. (C. )  
41 (pending before the Legislature as this bill), the contract shall  
42 specify the amounts, schedules, and types of funding to be provided  
43 by the agency to the qualified community development financial  
44 institution, the repayment schedule for the portion of that funding to  
45 be repaid, and targeted goals for homeowner interventions. The  
46 agency may condition funding and goals upon the availability of  
47 funds to the program. The contract shall specify reasonable  
48 administrative costs sufficient to enable the qualified community

1 development financial institution to exercise its obligations  
2 pursuant to P.L. , c. (C. ) (pending before the Legislature as  
3 this bill). The contract shall set forth criteria for instances when the  
4 purchase, sale, lease, and conveyance of properties furthers the  
5 purposes of P.L. , c. (C. ) (pending before the Legislature as  
6 this bill).

7 b. All purchases, sales, leases, and conveyances of property by  
8 qualified community development financial institutions exercised  
9 pursuant to this section shall be deemed to lessen the burdens of  
10 government in furthering the purposes of P.L. , c. (C. )  
11 (pending before the Legislature as this bill).

12

13 6. (New section) a. There is established within the agency a  
14 Foreclosure Intervention Fund, which shall be a non-lapsing,  
15 revolving fund and which shall be the repository for funds  
16 appropriated or otherwise made available for the purposes of  
17 P.L. , c. (C. ) (pending before the Legislature as this bill),  
18 and any interest earned thereon. The fund shall be administered by  
19 the agency, in accordance with its authority under section 5 of  
20 P.L.1983, c.530 (C.55:14K-5) to manage funds for housing  
21 programs.

22 b. The agency may transfer into the fund any amounts held or  
23 received by the agency that are needed by the agency or its  
24 contractors for the purchase of eligible property.

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

28 d. Revenue generated through the mechanisms established  
29 pursuant to N.J.S.2A:17-38 exceeding the funding plan developed  
30 pursuant to subsection d. of section 4 of P.L. , c. (C. )  
31 (pending before the Legislature as this bill) may be appropriated by  
32 the agency for additional foreclosure prevention programs.

33

34 7. (New Section) a. The agency may make grants to eligible  
35 applicants, including, but not limited to, non-profit housing  
36 sponsors, municipalities or other governmental entities utilizing  
37 funds provided by P.L. , c. (C. ) (pending before the  
38 Legislature as this bill) or otherwise made available to the agency.  
39 Grants issued pursuant to this section shall be used to advance the  
40 goals of the program, as established pursuant to section 4 of P.L. ,  
41 c. (C. ) (pending before the Legislature as this bill).

42 b. The agency shall establish regulations, procedures or  
43 guidelines governing the qualifications of applicants, the  
44 application procedures and the criteria for awarding grants to such  
45 eligible applicants and the standards for establishing the amount,  
46 terms and conditions of each grant.

1       8. (New section) a. The agency is authorized to defend and  
2 indemnify the federal government, any department, board, body,  
3 agency or other entity thereof, the Government National Mortgage  
4 Association and its successors and assigns, the Federal National  
5 Mortgage Association and its successors and assigns, and the  
6 Federal Home Loan Mortgage Corporation and its successors and  
7 assigns, against claims, causes of action, demands, costs or  
8 judgments against that entity arising as a direct result of that  
9 entity's agreement with the agency, upon the terms and limitations  
10 the agency deems reasonable and appropriate. An agreement to  
11 defend and indemnify pursuant to this subsection shall not bar,  
12 reduce, limit or affect any remedies the agency may have to enforce  
13 the agency's agreement or to assert a claim for damages to which  
14 the agency may be entitled arising out of the entity's failure to  
15 perform the agreement, or for the recovery of funds expended for  
16 the defense of an entity if the defense was undertaken in response to  
17 a claim or cause of action brought against the entity which arose  
18 from gross negligence, willful misconduct, fraud, intentional tort,  
19 bad faith, or criminal conduct of the entity or one or more of its  
20 officials or employees. No one other than an entity which is a party  
21 to the agreement with the agency may enforce any agreement for  
22 defense or indemnification between that entity and the agency.

23       b. The agency may create a reserve fund, procure insurance or  
24 take other such appropriate action in order to meet its future  
25 obligations, if any, created by such indemnification obligations.  
26 Any agreement to indemnify pursuant to subsection a. may be made  
27 only as necessary or appropriate to the exercise of any power herein  
28 granted or reasonably implied, provided that: (1) such  
29 indemnification shall be payable solely from the funds of the  
30 agency on deposit in its General Fund or placed in a reserve fund  
31 for that purpose; and (2) such indemnification shall not constitute a  
32 debt, obligation or liability of the State, and the State shall not be  
33 liable for any obligation as a result of the agency's indemnification  
34 obligation.

35  
36       9. N.J.S.2A:17-38 is amended to read as follows:

37       2A:17-38. a. When a sheriff or other officer makes a sale by  
38 virtue of an execution or executions to **【him】** the sheriff or officer  
39 directed, **【he】** the sheriff or officer shall, within 30 days thereafter,  
40 make and file, with his bill of costs or execution fees, in the office  
41 of the clerk of the court out of which the execution or executions  
42 issued, a true statement and calculation, in order of time, of the  
43 execution or executions by virtue of which the sale was made, the  
44 amount or amounts due thereon, respectively, at the time of the  
45 sale, the time or times of sale and the amount of the sales.

46       b. (1) When calculating the amount due thereon, as described in  
47 subsection a. of this section, the sheriff or officer shall additionally  
48 **【consider】** collect<sup>1</sup> \$350 per sale to be utilized by the fund within

1 the New Jersey Housing and Mortgage Finance Agency established  
2 in section 6 of P.L. , c. (C. ) (pending before the Legislature  
3 as this bill).

4 (2) The revenues obtained from these increased amounts, after  
5 deduction of any actual administrative costs incurred by the sheriff  
6 or officer in carrying out the provisions of this subsection, shall be  
7 transmitted no later than the first day of each quarter by the sheriff  
8 or officer to the fund with an accounting of collections and  
9 foreclosure actions during the corresponding quarter.

10 c. The statement shall be certified under the hand of the officer  
11 making and filing it, and shall be conclusive against the officer  
12 only. If there be more sales than **[1]** one, the statement shall be  
13 made and filed within 30 days after the final sale.

14 (cf: N.J.S.2A:17-38)

15

16 10. Section 7 of P.L.1983, c.530 (C.55:14K-7) is amended to  
17 read as follows:

18 7. a. Loans made by the agency to finance housing projects  
19 shall be subject to the following terms and conditions:

20 (1) The loan shall be for a period of time not in excess of 50  
21 years as determined by the agency;

22 (2) The amount of the loan shall not exceed 90% of the total  
23 project cost as determined by the agency, except that as to projects  
24 to be owned, constructed, improved, rehabilitated, operated,  
25 managed and maintained as mutual housing or by any corporation  
26 or association organized not for profit which has as one of its  
27 purposes the construction, improvement or rehabilitation of housing  
28 projects, the amount of the loan shall not exceed 100% of the total  
29 project cost as determined by the agency; but the agency may  
30 make additional loans to a housing sponsor to which a loan by the  
31 agency for the cost of a project is outstanding if and to the extent  
32 that the agency finds that such additional loan is required to more  
33 adequately secure and protect the project or to avoid a default by  
34 the sponsor on the original loan for the cost of the project and is in  
35 the best interest of the agency and the holders of its bonds issued to  
36 finance the original loan for the cost of the project;

37 (3) The interest rate on the loan shall be established by the  
38 agency at the lowest level consistent with the agency's cost of  
39 operation and its responsibilities to the holders of its bonds;

40 (4) The loan shall be evidenced by a mortgage note or bond and  
41 by a mortgage which shall be a first lien on the project and which  
42 shall contain such terms and provisions and be in a form approved  
43 by the agency. The agency shall require the qualified housing  
44 sponsor receiving a loan or its contractor to post security in  
45 amounts related to the project cost as established by regulation and  
46 to execute such other assurances and guarantees as the agency may  
47 deem necessary and may require its principals or stockholders to

1 also execute such other assurances and guarantees as the agency  
2 may deem necessary;

3 (5) The loan shall be subject to an agreement between the  
4 agency and the housing sponsor which will subject the housing  
5 sponsor and its principals or stockholders to limitations established  
6 by the agency as to rentals and other charges, builders' and  
7 developers' profits and fees, and the disposition of its property and  
8 franchises to the extent more restrictive limitations are not  
9 provided by the law under which the borrower is incorporated or  
10 organized;

11 (6) The loan shall be subject to an agreement between the  
12 agency and the housing sponsor limiting the housing sponsor and its  
13 principals or stockholders to such rate of return on its investment in  
14 the housing project to be assisted with a loan from the agency as  
15 shall be fixed from time to time by the agency in its regulations  
16 which shall take into account the prevailing rates of return available  
17 for similar investments and the risks associated with the  
18 development of the project, together with factors designed to  
19 promote the objectives of providing affordable housing,  
20 encouraging investment in urban development areas, maintaining  
21 and improving the existing housing stock, and other objectives of  
22 this act; but agreements entered into by the predecessors of the  
23 agency prior to the effective date of this act shall continue to be  
24 subject to any restrictions on rate of return imposed by prior law  
25 unless those restrictions are expressly modified pursuant to  
26 regulations of the agency. No housing sponsor which is permitted  
27 by the provisions of the law under which it is organized or  
28 incorporated to earn a return on its investment, nor any of the  
29 principals or stockholders of that housing sponsor, shall earn,  
30 accept or receive a return on investment greater than the rate of  
31 return fixed by the agency in any housing project assisted with a  
32 loan from the agency, whether upon the completion of the  
33 construction, improvement or rehabilitation of the project, or upon  
34 the operation thereof, or upon the sale, assignment or lease of the  
35 project to any other person, association or corporation. Any person,  
36 association or corporation who violates the provisions of this  
37 subsection is guilty of a crime of the fourth degree;

38 (7) No loan shall be executed except a loan made to a  
39 corporation or association organized not for profit which has as one  
40 of its purposes the development, construction, improvement or  
41 rehabilitation of housing projects or for mutual housing unless the  
42 housing sponsor agrees (a) to certify upon completion of project  
43 construction, improvement or rehabilitation, subject to audit by the  
44 agency, either that the actual project cost as defined herein  
45 exceeded the amount of the loan proceeds by 10% or more, or the  
46 amount by which the loan proceeds exceed 90% of the total project  
47 cost, and (b) to pay forthwith to the agency, for application to  
48 reduction of the principal of the loan, the amount, if any, of such



1 excess loan proceeds, subject to audit and determination by the  
2 agency. No loan shall be made to a corporation or association  
3 organized not for profit or for mutual housing unless the  
4 corporation or association organized not for profit or for mutual  
5 housing agrees to certify the actual project cost upon completion of  
6 the project, subject to audit and determination by the agency, and  
7 further agrees to pay forthwith to the agency, for application to  
8 reduction of the principal of the loan, the amount, if any, by which  
9 the proceeds of the loan exceed the certified project cost subject to  
10 audit and determination by the agency. Notwithstanding the  
11 provisions of this paragraph, the agency may accept, in lieu of any  
12 certification of project cost as provided herein, such other  
13 assurances of the project cost in any form or manner whatsoever, as  
14 will enable the agency to determine with reasonable accuracy the  
15 amount of the project cost;

16 (8) No loan shall be made for the construction, improvement or  
17 rehabilitation of a housing project for which tax exemption is  
18 granted by a municipality unless the tax exemption remains in  
19 effect during the entire term of the loan, unless a lesser period of  
20 tax exemption is approved by the agency; and

21 (9) The loan shall be subject to an agreement between the  
22 agency and the qualified housing sponsor which contains a  
23 provision stating the prevailing wage rate, as determined by either  
24 the Commissioner of Labor and Industry or the Secretary of the  
25 United States Department of Labor in accordance with the  
26 provisions of section 42 of this act, which can be paid to the  
27 workmen employed in the performance of any contract for the  
28 construction or rehabilitation of any housing project, and which  
29 stipulates that the qualified housing sponsor, or any builder,  
30 contractor or subcontractor thereof, shall pay to such workmen not  
31 less than the applicable prevailing wage rate pursuant to that  
32 section.

33 b. As a condition of any loan to finance a housing project, the  
34 agency shall have the power at all times during the construction,  
35 improvement or rehabilitation of a housing project and the  
36 operation thereof:

37 (1) To enter upon and inspect without prior notice any project,  
38 including all parts thereof, for the purpose of investigating the  
39 physical and financial condition thereof, and its construction,  
40 improvement, rehabilitation, operation, management and  
41 maintenance, and to examine all books and records with respect to  
42 capitalization, income and other matters relating thereto and to  
43 make such charges as may be required to cover the cost of such  
44 inspections and examinations;

45 (2) To order such alterations, changes or repairs as may be  
46 necessary to protect the security of its investment in a housing  
47 project or the health, safety, and welfare of the occupants thereof;

1 (3) To order any managing agent, project manager or owner of a  
2 housing project to do such acts as may be necessary to comply with  
3 the provisions of all applicable laws or ordinances or any rule or  
4 regulation of the agency or the terms of any agreement concerning  
5 the project or to refrain from doing any acts in violation thereof and  
6 in this regard the agency shall be a proper party to file a complaint  
7 and to prosecute thereon for any violations of law or ordinances as  
8 set forth herein;

9 (4) To require the adoption and continuous use of uniform  
10 systems of accounts and records for a project and to require all  
11 owners or managers of a project to file annual reports containing  
12 that information and verified in such manner as the agency shall  
13 require, and to file at the times and on the forms as it may  
14 prescribe, reports and answers to specific inquiries required by the  
15 agency to determine the extent of compliance with any agreement,  
16 the terms of the loan, the provisions of this act and any other  
17 applicable law;

18 (5) To enforce, by court action if necessary, the terms and  
19 provisions of any agreement between the agency and the housing  
20 sponsor and the terms of any agreement between the housing  
21 sponsor and any municipality granting tax exemption, as to  
22 schedules of rental or carrying charges, income limits as applied to  
23 tenants or occupants, or any other limitation imposed upon the  
24 housing sponsor as to financial structure, construction or operation  
25 of the project;

26 (6) (a) Subject to the provisions of paragraph (7) of subsection  
27 b. of this section, in the event of a violation by the housing sponsor  
28 of the terms of any agreement between the agency and the housing  
29 sponsor, or between the municipality granting tax exemption and  
30 the housing sponsor, or in the event of a violation by the housing  
31 sponsor of this act or of the terms of the loan agreement or of any  
32 rules and regulations of the agency duly promulgated pursuant to  
33 this act, or in the event that the agency shall determine that any loan  
34 or advance from the Housing Development Fund pursuant to section  
35 30 of this act is in jeopardy of not being repaid, the agency may,  
36 without resort to any judicial process, assume all of the powers and  
37 duties of the housing sponsor in the management and operation of  
38 the project, including but not limited to the power to receive all  
39 revenues and pay all expenses of the project and the power to  
40 control all property, including bank accounts and cash, owned by  
41 the housing sponsor. The agency may appoint such person or  
42 persons whom the agency in its sole discretion deems advisable,  
43 including officers or employees of the agency, to perform the  
44 functions of the officers or other controlling persons of the housing  
45 sponsor. Persons so appointed need not be stockholders or meet  
46 other qualifications which may be prescribed by the certificate of  
47 incorporation, bylaws or partnership agreement of the housing  
48 sponsor. In the absence of fraud or bad faith, persons so appointed

1 shall not be personally liable for debts, obligations or liabilities of  
2 the housing sponsor. Persons so appointed shall serve only for a  
3 period coexistent with the duration of the violation or until the  
4 agency is assured in a manner satisfactory to it that the violation, or  
5 violations of a similar nature, will not recur. Persons so appointed  
6 shall serve in such capacity without compensation, but shall be  
7 entitled to be reimbursed, if and as the certificate of incorporation,  
8 bylaws or partnership agreement of the housing sponsor may  
9 provide, for all necessary expenses incurred in the discharge of their  
10 duties as determined by the agency; and

11 (b) the provisions of section 18 of P.L. 1991, c. 431 (C.40A:20-  
12 18) concerning housing projects in financial difficulty shall not  
13 apply to housing projects financed by the agency; and

14 (7) The provisions of this subsection and this act pertaining to  
15 the regulation of housing sponsors shall be for purposes of  
16 protecting the collateral for any loan or loans; implementing or  
17 enforcing any condition, requirement or criterion for loans as  
18 provided in this act or other applicable law; and securing the rights  
19 and remedies of lenders and bond holders to the extent of the  
20 undertakings of the agency. Subject to the foregoing, the agency  
21 shall permit, provide for and encourage the right of local housing  
22 sponsors to exercise their own initiative and competence in the  
23 administration of their assets and the conduct and operation of  
24 housing projects and exercise their rights and responsibilities to the  
25 fullest extent permitted by law. Therefore, the agency shall  
26 exercise its remedies and powers under paragraph (6) of this  
27 subsection only with regard to material violations and only after  
28 reasonable notice and reasonable opportunity to correct the  
29 violation is provided to the housing sponsor in accordance with  
30 regulations adopted by the agency.

31 c. Notwithstanding any law, rule or regulation to the contrary,  
32 the provisions of paragraphs (5) and (6) of subsection a. of this  
33 section shall not be applicable to market rate units.

34 d. As used in this section, "market rate unit" means a housing  
35 unit for which occupancy is not subject to limitations based on  
36 tenant income.

37 (cf: P.L.1983, c.530, s.7)

38

39 11. This act shall take effect immediately.