

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 2130

STATE OF NEW JERSEY

DATED: JULY 16, 2020

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 2130.

This bill, designated as the “County Wealth Preservation Program,” revises sheriff’s procedures for the sale of residential foreclosure properties. The bill reduces the deposit required at the time of a sheriff’s sale for residential property from 20 percent to 3.5 percent. Current law provides that all bidders on properties for sale at sheriff’s sales are required to deposit 20 percent of the purchase price of the property.

Under the bill, the successful bidder on residential property will have up to 90 business days to complete the sale, with no interest accruing on the balance of the sale for 60 business days following the sale.

The bill provides that the sheriff require the foreclosing plaintiff to disclose whether the property is vacant, tenant-occupied, or owner-occupied.

Under the bill, a bidder may purchase property in a sheriff’s sale by way of financing if the bidder provides documentation that the bidder has been pre-approved by an appropriate financial institution for financing the property. A bidder may only use the financing option if the property will be the bidder’s primary residence. If a successful bidder finances the property and does not use the property as a primary residence, the bidder will be subject to a fine of up to \$100,000. However, there are exceptions to the penalties if the bidder must vacate the property due to death, military deployment, or foreclosure.

To be a successful bidder on a residential property, the bidder, who is not the plaintiff and who intends to occupy the property and finance the purchase of the property, would be required to have received eight hours of training provided by the United States Department of Housing and Urban Development (HUD), and shall present certification of completion of that training at the time of purchase.

The bill requires, as provided by the New Jersey Housing and Mortgage Finance Agency, that each sheriff’s office is to maintain information, written in plain language, regarding the program to finance the purchase of residential property in a foreclosure sale in accordance with this section on its Internet website in a manner that is accessible to the public.

Additionally, as provided by the New Jersey Housing and Mortgage Finance Agency, each sheriff's office is to display information, written in plain language, regarding the program in its office in a manner that is conspicuous to the public.

For any county in which the primary language of 10 percent or more of the residents is a language other than English, the bill directs the sheriff's office to provide the information required for the program in that other language or languages in addition to English. The alternate language would be determined based on information from the latest federal decennial census.

With the exception of sales conducted pursuant to the Community Wealth Preservation Program, the bill increases the fee to be charged by virtue of an execution sale from four percent to five percent, or six percent to 10 percent, depending on whether the sum involved is greater than or less than \$5,000, respectively. The bill also increases the minimum fee to be charged by virtue of an execution sale from \$50 to \$750.

Finally, the bill provides creditors and creditors' agents with immunity from liability for damages to certain vacant and abandoned property so long as reasonable care is exercised, and clarifies that bidders are not authorized to enter the property prior to the time of sale.