

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 4263

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 6, 2022

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 4263, with committee amendments.

As amended, this bill would modify standards for the distribution of eligible loans to housing sponsors for housing projects during certain states of emergency.

Specifically, during a state of emergency declared by the Governor, this bill would expressly authorize the New Jersey Housing and Mortgage Finance Agency (“HMFA”) to make eligible loans to housing sponsors to finance the construction, improvement, reconstruction, renovation, or rehabilitation of housing projects. The bill would exempt these loans from certain terms and conditions with which HMFA eligible loans ordinarily have to comply. However, to receive an eligible loan under the bill, a housing sponsor would be required to certify, under penalty of perjury, that the eligible loan is necessary due to factors or conditions resulting from an emergency, as defined in existing law.

If a housing project has suffered physical damage, a housing sponsor who receives an eligible loan under the bill would be required to: (1) make claims against all policies of insurance involving the project; and (2) assign HMFA the right to receive the proceeds of any claims made on all policies of insurance concerning the project, so that HMFA is able to credit those proceeds against the principal balance of the loan made under the bill or other amounts due for other eligible loans to the housing sponsor concerning the project. This assignment requirement, however, would not apply with respect to insurance proceeds that have either been authorized by the agency for the rehabilitation of the project, or pledged to restore the project’s operating escrows. The bill provides that any excess amounts remaining after payment of all principal, interest and any other amounts due to HMFA would be returned to the housing sponsor within thirty days.

COMMITTEE AMENDMENTS:

The committee amendments to this bill would establish an exception to the bill’s requirement that, if a project has suffered physical damage, a housing sponsor who receives an eligible loan

under the bill would assign to the agency the right to receive the proceeds of any claims made on certain insurance policies concerning the project. As amended, this assignment requirement would not apply with respect to insurance proceeds that have either been authorized by the agency for the rehabilitation of the project, or pledged to restore the project's operating escrows.

FISCAL IMPACT:

This bill is not certified as requiring a fiscal note.