



## Reducing the Impact of Foreclosures

New Jersey is now the State with the highest share of mortgages in foreclosure in the nation. According to the Mortgage Bankers Association, 8.12 percent of all mortgaged homes in New Jersey were in the process of foreclosure during the first three months of 2014. While that was down from about 9 percent a year earlier, New Jersey was the only state in the nation to see an increase from the previous three months.

The following initiatives are being considered by the State Legislature:

- **"Mortgage Assistance Pilot Program."** (A955/S1508) sponsored by Asm. Singleton and Senator Van Drew. A pilot program to allow a homeowner with negative home equity who is in default of a mortgage owned by the agency to lower the remaining principal owed on the mortgage to an amount more reflective of current market realities in exchange for conveying an equity share in the property to the agency. **STATUS:** *Passed Assembly Housing Committee on February 20. Passed Senate Urban and Community Affairs Committee, 5.19.14*
- **"New Jersey Residential Foreclosure Transformation Act."** (A470/S693) sponsored by Assemblyman Green and Senator Lesniak. Establishes the "New Jersey Foreclosure Transformation Program" as a temporary program within the New Jersey Housing and Mortgage Finance Agency ("HMFA") for the purpose of purchasing foreclosed residential properties from institutional lenders and dedicating them for occupancy as affordable housing. The HMFA shall cease the program's operations on December 31, 2017. **STATUS:** *Passed Assembly Housing and Community Development Committee February 20.*
- **Funding for foreclosure prevention:** A 1994/ S2081) sponsored by Asw. Watson-Coleman and Senator Rice to create a Foreclosure Prevention and Neighborhood Stabilization Revolving Trust Fund; places temporary surcharge on mortgage foreclosure complaints. The fund will be financed through a temporary \$1200 surcharge placed on each foreclosure complaint filed in the State. DCA shall provide up to \$500,000 from the fund to train qualified vendors to provide training to local governments and non-profit entities undertaking neighborhood stabilization efforts. The Department may utilize \$500,000 in the first year of the fund, and \$300,000 each year thereafter, for the purpose of collecting and disseminating foreclosure data. Following these disbursements from the fund, the next \$10 million collected during the fiscal year shall be allocated to qualified non-profit entities for the purpose of maintaining or expanding their foreclosure prevention programs. Entities receiving these funds shall issue quarterly reports detailing the success of their foreclosure prevention programs. **STATUS:** *Passed Assembly Housing Committee on March 13. Passed Senate Urban and Community Affairs Committee, 5.19.14*

- **Code violations** (S288/A347) sponsored by Senators Rice and Stack. Asm. Caputo/Prieto. Authorizes municipalities to impose penalties on creditors that fail to timely remedy code violations of certain properties in foreclosure. **STATUS:** *Passed both houses March 27. Governor signed into law.*
- **Maintain vacant properties in foreclosure** (S1229/A1257) sponsored by Sen. Rice and Asm. Prieto. Authorizes fine for failure to maintain certain vacant properties; requires out--of-state creditors to designate in-State representative. **STATUS:** *Passed the Senate unanimously on May 12*
- **Concerns the recording of mortgages** (S1346) sponsored by Senator Rice. This bill would revise current law regarding the recording of mortgages, in response to the findings from a study of mortgage recording law undertaken by the New Jersey Law Revision Commission by requiring that only the established holder of a mortgage can take action to foreclose a mortgage. **STATUS:** *Passed the Senate Community and Urban Affairs Committee May 19.*
- **Certification of diligent inquiry** (A3240/S085) sponsored by Asm. Schaer and Senator Codey. Requires certification of diligent inquiry in residential mortgage foreclosure actions to be filed by attorneys. This bill codifies an already existing court rule and provides safeguards to ensure that the chain of information preceding a foreclosure is correct. **STATUS:** *Just introduced.*

*For the complete text of any of these bills, go to [www.njleg.state.nj.us](http://www.njleg.state.nj.us) and search by bill number. [Click here](#) to access a pdf version of our policy priorities. For more information about the status of these issues, contact Arnold Cohen, Housing Community Development Network of NJ, 609-393-3752, X1600, [acohen@hcdnnj.org](mailto:acohen@hcdnnj.org)*

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