



## HCDNNJ Foreclosure Efforts & Policy Solutions

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New Jersey is slowly recovering from the recession, more slowly, in fact, than many of our neighbors. We have the unfortunate distinction of being poised to lead the nation in foreclosure activity. In the wake of the economic crisis and Superstorm Sandy, we have thousands of foreclosed homes, vacant properties, and at the same time, families and residents who need affordable places to live. The state's economy is fragile, making this a critical time to make careful investments that will help support a sustained recovery and position us for increased opportunity. New Jersey can, and must, act to improve and stabilize our housing market, increasing choices and opportunities across the state. This simply cannot happen without a coordinated response and comprehensive approach to addressing the foreclosure crisis that the Network and our allies have been advancing. Unfortunately, the current Administration has rejected numerous legislative and regulatory solutions to the crisis.

Last year, we initiated a housing counseling association to provide additional support to our members and their staff providing this key service. We made recommendations to HUD for programs and services needed in disaster recovery situations, including a comprehensive response to HUD's Office of Homeownership Counseling. We communicated regularly with policy makers to relay the concerns of counselors and offer suggestions for improved implementation and administration of various foreclosure-related programs and services, which resulted in relaxed HomeKeeper eligibility requirements and a re-examination of fee structures for all programs. We continued to participate in local foreclosure task forces and meetings/hearings to provide updates on statewide and national legislative and advocacy efforts. The Network joined with the National Housing Resource Center to address national policy, resource and program issues related to foreclosure prevention and counseling efforts. In addition, we continued to support NJ Community Capital's efforts to mitigate foreclosures through loan purchase modifications. Below are the highlights of our ongoing activities:

2014:

- **Mortgage Assistance Pilot Program (A955):** 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. *Heard and reported out of the Assembly Housing and Community Development Committee on February 20, 2014.*
- **New Jersey Residential Foreclosure Transformation Act (A470/S693):** The NJ Residential Foreclosure Transformation Act will establish a state program within the NJHMFA to purchase foreclosed residential properties from institutional lenders to enable municipalities and non-profits to use foreclosed properties for very-low, low, and moderate income homes, in part by using resources from local housing trust funds *Heard and reported out of the Assembly Housing and Community Development Committee on February 20, 2014. In 2013, this bill was passed by the Legislature and conditionally vetoed by Governor Christie.*

2013:

- **Upkeep of Foreclosed Buildings (S1740/A172):** This bill will help towns learn who is foreclosing on a building and who to go after if the building they are foreclosing on falls into disrepair. *S115 passed the Senate on May 31, 2012 by a vote of 35-0 but was never posted for a full vote of the Assembly. S1740 passed the Senate 32-0 but was never posted for a vote in the Assembly*

- **Foreclosure Mediation Program (A3396/S2557):** codifies the judiciary's current Foreclosure Mediation Program and collects money from foreclosure filings and fines to fund the program on a permanent basis. *A3396 passed the Assembly on December 17, 2012 by a vote of 52-21-but was never heard in the Senate.*
- **Expedited Foreclosures for Vacant Properties (S.2156/A3248):** Establishes summary action to foreclose mortgages on vacant and abandoned residential property; *passed both houses and signed by the Governor.*

2012:

- **Foreclosure Assistance Funding:** The Network worked with scores of other organizations to prevent \$75M from the historic federal foreclosure settlement from being directed to the general treasury. Ultimately, Governor Christie used these funds for the budget despite widespread public opposition. Also, the Network helped draw media attention and legislative oversight to the significant problems in the state's HomeKeeper program that resulted in a joint legislative hearing and substantial improvements to the program itself.
- **Mortgage Resolution Fund:** S.1022, sponsored by Sen. Lesniak, would make more resources available to community developers and CDFIs to help transform foreclosed, unoccupied houses into affordable and market rate homes; *this bill was withdrawn from consideration on February 6, 2012 by Sen. Lesniak, the prime sponsor.*

2011:

- **Hardest Hit Funds:** We helped housing counseling organizations to catalogue and analyze challenges to their work and pursue solutions, resulting in improvements in several HMFA programs and expedited fees to counseling agencies. We partnered with New Jersey Community Capital, Mercy Housing and HMFA to develop a proposal for the NJ Mortgage Resolution Fund, using \$100 million of NJ's Hardest Hit Fund allocation. The program, which is not fully funded, was expected to provide resources that can assist members working to stabilize targeted cities and neighborhoods to prevent additional foreclosures and the related challenges they cause.
- **Foreclosure Rescue Fraud Prevention Act (A359/S1651):** This bill will provide increased protection for New Jersey homeowners from foreclosure rescue scams by unscrupulous lenders. The bill strengthens New Jersey's consumer protections for homeowners in numerous ways. *The bill was conditionally vetoed by the Governor on November 10, 2011. Both houses concurred with the Governor's recommendations and the bill was approved into law on December 20, 2011.*

2010:

- **Implementing the Foreclosure Fairness Act (A4063/S3059):** This law protects tenants' right to stay in their apartment after foreclosure and provides a strong new tool for communities to maintain homes during the foreclosure process. *The bill was approved into law on January 17, 2010.*

**Partnering Organizations:** NJ Citizen Action, Legal Services of NJ, NJ Community Capital, Newark/Essex County Foreclosure Task Force, Union County Foreclosure Task Force,