



**From:** NJLM - Municipal Clerks [mailto:njlm-clerks@cityconnections.com]  
**Sent:** Thursday, February 05, 2009 2:38 PM  
**To:** Lashway, Lisa  
**Subject:** Municipal Clerks from NJLM

## LEAGUE ALERT

Municipal Clerk: Please forward to Mayor and Governing Body.

February 5, 2009

**Re: I Foreclosure Mediation Program**

**Re: II Proposed Floor Amendment to S-7/A-3688 –  
Pension Payment Deferral**

**Re: I Foreclosure Mediation Program**

Dear Mayor:

The Office of the New Jersey Attorney General has requested the help of the League and its member municipalities to inform homeowners in foreclosure of a new, free program to help them resolve their situation without losing their homes. The statewide Foreclosure Mediation Program was launched on January 5, 2009, as a partnership of the Judiciary, the Office of the Attorney General, the Housing and Mortgage Finance Agency, Legal Services of NJ, the Office of the Public Advocate, and the Department of Banking and Insurance.

Eligibility for the mediation program is limited to owner-occupied residential properties that are subject to a foreclosure complaint. The goal of the program is to assist homeowners to develop a compromise that benefits both the homeowner and servicers/lenders. To facilitate this process, the State will provide homeowners with access to housing counselors, mediators, and lawyers to support the mediation process.

Key elements of the program include the following:

1. HUD Certified Housing Counselors: Counselors will be sensitive to the homeowner's financial status and recommend a loan work-out that is affordable.
2. Legal Representation: Attorneys are available to help primarily income-eligible participants review documents, negotiate with the lender, and attend the mediation.
3. Experienced Neutral Mediators: Free mediation is available to homeowners facing foreclosure. The mediator will assist the homeowner and the lender to reach a voluntary and amicable solution.

To qualify for free mediation, the following conditions must be met:

- 1) The homeowner is not in bankruptcy, or if the homeowner has filed for bankruptcy, the petition is discharged, dismissed or the bankruptcy stay has been lifted to allow the foreclosure to proceed.
- 2) The property is a 1 to 3 family residential property
- 3) The home is the owner's primary residence
- 4) The homeowner is the borrower

If the above conditions are satisfied, the homeowner can call the toll free hotline at 1-888-989-5277 and then must complete and return the financial worksheet and registration documents before the deadline.

Copies of the flyer and brochure on this program can be downloaded from the program's website: <http://www.nj.gov/foreclosuremediation/resources..html>. They are available in English and Spanish. We encourage you to circulate copies of these materials in municipal offices, supermarkets, senior citizen organizations, community groups, religious institutions, and local businesses. Other ways of publicizing this important program include newsletters, e-bulletins, tax and utility bills, local newspapers, and, if available, municipal websites and the local cable network.

For more information on the program, please see the press release at: <http://www.nj.gov/oag/newsreleases09/pr20090109a.html>

Very truly yours,

William G. Dressel, Jr.  
Executive Director

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**Re: II Proposed Floor Amendment to S-7/A-3688 – Pension Payment Deferral**

Dear Mayor:

After 24 hours of intense effort by League President, Mayor Tim McDonough of Hope and Woodbridge Mayor and Former State Treasurer John McCormac, acting as Special League Advisor on State-Municipal Fiscal Issues, the Corzine Administration has agreed to support a proposal to amend S-7/A-3688, the Pension Payment Deferral legislation. That amendment is designed to address a major municipal concern with the original bill.

We enthusiastically support the amendment, which may be added to the bill in the Assembly later today.

Since Governor Corzine announced the pension payment deferral idea at our November

Conference, we have been involved in discussions with the Administration and with legislative leaders. Throughout those discussions, we have insisted that municipalities be given the right to opt out of any deferral, should they judge that to be in the best interests of their property taxpayers. Each municipality will need to be able to balance the need for immediate relief, in the current economic climate, with any potential long term costs. We maintain that such a decision can only be made by municipal officials, in light of local conditions. We, further, articulated the need for meaningful protection against excessive 'phase in' interest payments for the taxpayers in those municipalities that choose to appropriate funds to cover their full, annual liability.

The original bill draft would have barred municipalities from paying their full obligation and would have redirected 50% of the payment to a separate account, which could have taken various forms. The annual increase in pension bills, because of this additional unfunded liability, would, however, have accrued interest at a rate greater than what could likely have been earned on any of the separate accounts. Accordingly, the 'option' could have created a shortfall that would have been made up by our property tax payers.

This new draft instructs the State's pension actuaries to allow the full contribution by any municipality that wishes to make it. The normal contribution and regular amortized unfunded accrued liability (absent the deferral) would continue to be billed annually to all municipalities, but the new unfunded accrued liability due strictly to the deferral would be billed only to the entities that chose to defer their contribution to begin with.

As a result, only those entities which chose to defer their pension payment would be charged annually with the resulting principal and interest charges and the shortfall due to the deferral would not be paid by everyone. As a result of this, there is no longer any need for newly created accounts.

We thank the Governor, the Treasurer, the Director of the Division of Pensions and the Senate and Assembly sponsors for addressing our concerns and for advancing this initiative in these most difficult times.

We will fully support amendment, and subsequent passage, of S-7 and A-3688, the Pension Payment Deferral Option initiative. If you have any questions, contact Jon Moran at 609-695-3481, ext. 121.

Very truly yours,  
William G. Dressel, Jr.  
Executive Director

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