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-----Original Message-----

From: egg@dca.state.nj.us [mailto:egg@dca.state.nj.us]

Sent: Monday, April 06, 2009 9:56 AM

To: Lashway, Lisa

Subject: Mortgage Stabilization and Relief Act

Dear Municipal Clerk:

Please find attached a letter explaining certain statutory changes to the New Jersey Foreclosure process as a result of the Mortgage Stabilization and Relief Act which was passed in January of this year.

Please provide this letter to your Mayor.

In summary, the Act includes the following provisions:

1. The Act provided that a creditor would have to provide a foreclosure notice to the municipality - in addition to the homeowner. This will help municipalities to identify which units are going into foreclosure and enable municipalities to reach out to residents early on in the foreclosure process to inform them of the assistance and programs that are available to help them.
2. The Act provides that if the property is an affordable unit under the Fair Housing Act, then, the creditor would have to identify it as such. This will help you determine if your 'COAH' units are in jeopardy of going into foreclosure. In these cases, you may wish to intervene in the foreclosure process to maintain the deed restrictions on affordable units and preserve the affordability of the unit. It is likely that the cost to participate in the foreclosure and recapture the unit would be a very cost efficient way to maintain affordable housing in your town.
3. The Act gives municipalities the power to require lenders to address code violations on properties that they are foreclosing on even before they take title and if they do not comply then the municipality can address the violation and charge the creditor.

State agencies are working with the mortgage industry to develop standards for submission of these documents to Municipal Clerks, or in some case, to the public officer responsible for a housing maintenance program.

If you have any questions regarding the issues addressed here, please contact Gira Bose, Director of Government Relations for the NJ Housing and Mortgage Finance Agency at 609-278-7459.

THIS E-MAIL HAS BEEN SENT TO THE FOLLOWING OFFICIALS: Municipal Clerk

PLEASE REMEMBER: If your e-mail address changes please make the change to your GovConnect User Profile. If you change employers please send us the details by replying to this e-mail. Helpdesk 609.943.4724



Joseph V. Doria, Jr.
Chairman

Marge Della Vecchia
Executive Director

April 3, 2009

Re: Statutory Changes to the Foreclosure Process

Dear Mayor:

On January 9, 2009, Governor Corzine signed into law the "Mortgage Stabilization and Relief Act," P.L. 2008, c.127 (C.55:14K-84 et seq.), ("the Act") to stem the rising tide of foreclosures being filed in this State, to give municipalities the power to hold creditors liable for nuisances created by vacant properties and to help homeowners who are having difficulty keeping up with their mortgage payments.

In order to help you determine how many foreclosures are being filed in your municipality, the Act requires a creditor who serves a notice of intent to foreclose on a homeowner of a residential property to simultaneously serve a copy of the notice to the public officer, or municipal clerk if no public officer has been designated, of the municipality in which the property is located. In addition, the copy served on the public officer or the municipal clerk must include the full name and contact information of an individual located within the State who is authorized to accept service on behalf of the creditor. This notice provision will help you reach out to distressed homeowners before the foreclosure process is well underway.

HMFA has created a page on our website of important foreclosure prevention resources including the statewide Office of the Courts Mortgage Mediation Program, a Foreclosure Fact Sheet with resources for distressed borrowers and a listing of trained housing counseling agencies throughout the state. These resources are available at www.nj-hmfa.com. Please feel free to use these resources to help homeowners in your municipality.

In addition, should a property become vacant at any point subsequent to the creditor's filing the notice of intention to foreclose, but prior to the vesting of title in the creditor or any third party, and the property is found to be a nuisance or in violation of a State or local code, the local public officer or municipal clerk shall notify the creditor who will have a responsibility to abate the nuisance or correct the violation in the same manner and to the same extent as the title owner of the property. If the municipality expends public funds in order to abate a nuisance or a correct a violation on a residential property in situations in which the creditor was given notice, the public officer or municipal clerk shall have the same recourse against the creditor as it would have against the title owner of the property, including but not limited to the recourse provided under section 23 of P.L.2003, c.210 (C.55:19-100).

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY

637 South Clinton Avenue ▲ P.O. Box 18550 ▲ Trenton, NJ 08650-2085

TELEPHONE: (609) 278-7400 ▲ WEB: www.nj-hmfa.com



In the event that the property being foreclosed is an affordable housing unit pursuant to the New Jersey Fair Housing Act, then the creditor shall identify that the property is subject to the "Fair Housing Act." Therefore, if the affordable unit has been properly deed restricted in accordance with the regulations established by the Council on Affordable Housing (COAH) or the municipality is receiving COAH credit for such unit, then the municipality may wish to participate in the foreclosure action in order to maintain the deed restriction and preserve the affordability of the unit. It is likely that the costs to participate in the foreclosure proceeding and purchase the unit at or before the sale would be a very effective and efficient way to maintain affordable housing in your town. The municipality could then resell or rent the unit to an affordable household thereby preserving its COAH credit. Additionally, the municipality may be entitled to a recapture payment upon foreclosure. We strongly suggest that the municipality work with its counsel to discuss its rights and remedies under such circumstances.

If you require copies of any of the foreclosure prevention resources referenced on www.nj-hmfa.com or would like more information regarding the Mortgage Stabilization and Relief Act, please do not hesitate to contact Gira Bose, Director of Government Relations, at 609-278-7459 or by email at gbose@njhmfa.state.nj.us

Sincerely,

Hon. Joseph V. Doria, Jr.
Chairman

Marge Dellavecchia
Executive Director

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