An Act requiring the New Jersey Housing and Mortgage Finance Agency to expand participation in the New Jersey HomeKeeper Program and supplementing chapter 14K of Title 55 of the Revised Statutes.

Be It Enacted by the Senate and General Assembly of the State of New Jersey:

1. The Legislature finds and declares that, four years into the Great Recession that began in September, 2008, a large number of Americans, many of whom live in New Jersey, are still experiencing financial difficulties that make it hard for them to remain current on the payment of their mortgages.

   The Legislature also finds and declares that, as part of the federal Hardest Hit Fund program, New Jersey received approximately $300 million to be used as financial assistance to help families pay their mortgages and maintain ownership of their homes.
The Legislature also finds and declares that the New Jersey Housing and Mortgage Finance Agency created the New Jersey HomeKeeper program as the State's vehicle through which the federal assistance would be provided. However, published news reports indicate that the New Jersey HomeKeeper program, to date, has expended only 10% of the federal funds provided to the State through the Hardest Hit Fund, and those funds have helped only 750 struggling New Jersey families, out of the thousands who would benefit from such financial assistance, even though all of the funds must be used no later than December 31, 2017, or the funds revert back to the federal Treasury.

The Legislature also finds and declares that such minimal assistance violates the spirit and the intent of the Hardest Hit Fund and subjects many New Jersey families to continued stress and fear concerning the possible loss of their homes and the continued threat to their financial security. Therefore, it is incumbent upon the State to require that the New Jersey Housing and Mortgage Finance Agency use those federal funds to help these needy families under a strict schedule that requires that at the very least, a certain percentage of those funds must be used annually to provide the intended assistance, so that all of the funds provided by the federal government to benefit needy New Jerseyans actually do so.

2.  a. The New Jersey Housing and Mortgage Finance Agency shall expend the entire amount of funds provided to the State by the federal government from the Hardest Hit Fund, established pursuant to the "Emergency Economic Stabilization Act of 2008," (Pub.L. 110-343) no later than December 31, 2017. Those funds shall be used solely and exclusively to provide financial aid to financially struggling homeowners through the New Jersey HomeKeeper program, to help those homeowners avoid foreclosure and maintain ownership of their homes.

The agency shall expand the New Jersey HomeKeeper program to include components to facilitate principal reductions by lenders; second mortgage reduction or payoff; loans or subsidies to cover past-due amounts and facilitate reinstatement; expanded eligibility for mortgage assistance for underemployed and unemployed persons; and transition assistance such as a short sale, deed-in-lieu of foreclosure, or relocation assistance. Financial assistance under the New Jersey HomeKeeper program shall be available to homeowners who are current in their mortgage obligations, as well as to homeowners who are delinquent in their mortgage obligations but against whom a judgment of foreclosure has not been entered by a judge of the Superior Court pursuant to the provisions of the "Fair Foreclosure Act," P.L.1995, c.244 (C.2A:50-53 et seq.).

The agency shall review, and shall approve or deny, an application for assistance under the New
Jersey HomeKeeper program not later than the 90th day after the application is submitted by a homeowner. In the case of applications submitted by homeowners prior to the effective date of P.L. , c. (C. ) (pending before the Legislature as this bill), the agency shall review, and shall approve or deny, those applications no later than the 90th day next following the enactment of P.L. , c. (C. ) (pending before the Legislature as this bill).

b. The agency shall expend in any calendar year beginning after the effective date of P.L. , c. (C. ) (pending before the Legislature as this bill) no less than 20% of the amount of the moneys available from the Hardest Hit Fund that remain unspent on the effective date of P.L. , c. (C. ) (pending before the Legislature as this bill) for the purposes set forth in subsection a. of this section. The agency may annually use a portion of the moneys available from the Hardest Hit Fund for the administration of the New Jersey HomeKeeper program only to the extent that such an expense is authorized by federal law.

c. Not later than January 31st of any calendar year, the agency shall provide to the Senate President, the Assembly Speaker, and each member of the Senate Community and Urban Affairs Committee, or its successor, and the Assembly Housing and Local Government Committee, or its successor, a plan for the expenditure of funds from the Hardest Hit Fund through the New Jersey HomeKeeper program to be spent in each calendar year in which those funds are required to be expended. Not later than 30 days following the end of a calendar year in which those funds are required to be expended, the agency shall submit to the Senate President, the Assembly Speaker, and each member of the Senate Community and Urban Affairs Committee, or its successor, and the Assembly Housing and Local Government Committee, or its successor, a year-end report detailing the amount of Hardest Hit Fund moneys expended through the New Jersey HomeKeeper program in that previous calendar year, the number of homeowners who were provided financial assistance through the New Jersey HomeKeeper program, and the amount of federal funds used for administrative expenses by the agency.

3. This act shall take effect immediately.
This bill concerns the expenditure of federal funds provided to the State by the federal government through the Troubled Asset Relief Program (TARP) created by the "Emergency Economic Stabilization Act of 2008," (Pub.L. 110-343) for assistance to homeowners in danger of losing their homes to foreclosure. New Jersey, as one of 18 states and the District of Columbia to receive this funding, received approximately $300 million from the federal government under TARP. The federal Department of the Treasury approved the following uses of these funds to help homeowners: principal reduction; second-lien reduction or payoff; reinstatement through payment of last due amounts; unemployment or underemployment assistance; and transition assistance, such as a short sale, deed-in-lieu of foreclosure, or relocation assistance.

Recent news articles have revealed that in the 15 months since the New Jersey Housing and Mortgage Finance Agency (HMFA; the State agency responsible for using these funds to assist homeowners in danger of losing their homes) launched the New Jersey HomeKeeper program to provide financial assistance to these homeowners, only 10% of the available federal funds were spent, and only 750 New Jersey homeowners were helped through that federal funding. The recent news articles also point out that the Mortgage Bankers Association reports that New Jersey has the second highest percentage of mortgage loans in foreclosure (7.7%) in the United States. Clearly, more New Jersey residents would benefit from financial assistance through this federally-funded State program than have been provided assistance to date.

This bill would require that the New Jersey Housing and Mortgage Finance Agency must expend the entire amount of funds provided to the State by the federal government from the Hardest Hit Fund, established pursuant to the "Emergency Economic Stabilization Act of 2008," (Pub.L. 110-343) no later than December 31, 2017. The bill requires that those federal funds must be used solely and exclusively to provide financial aid to financially struggling homeowners through the New Jersey HomeKeeper program, to help those homeowners avoid foreclosure and maintain ownership of their homes.

The bill requires the agency to expand the New Jersey HomeKeeper program to include components to facilitate principal reductions by lenders; second mortgage reduction or payoff; loans or subsidies to cover past-due amounts and facilitate reinstatement; mortgage subsidies for underemployed and unemployed persons; and transition assistance such as a short sale deed-in-lieu of foreclosure, or relocation assistance. The bill also requires that financial assistance under the New Jersey
HomeKeeper program must be available to homeowners who are current in their mortgage obligations, as well as to homeowners who are delinquent in their mortgage obligations but against whom a judgment of foreclosure has not been entered by a judge of the Superior Court pursuant to the provisions of the "Fair Foreclosure Act," P.L.1995, c.244 (C.2A:50-53 et seq.).

The bill also requires that the HMFA must review, and must approve or deny, an application for assistance under the New Jersey HomeKeeper program not later than the 90th day after the application is submitted by a homeowner.

The bill also requires that not later than January 31st of any calendar year, the HMFA shall provide to the Senate President, the Assembly Speaker, and each member of the Senate Community and Urban Affairs Committee, or its successor, and the Assembly Housing and Local Government Committee, or its successor, a plan for the expenditure of funds from the Hardest Hit Fund through the New Jersey HomeKeeper program to be spent in each calendar year in which those funds are required to be expended. Not later than 30 days following the end of a calendar year in which those funds are required to be expended, the HMFA must submit to the Senate President, the Assembly Speaker, and each member of the Senate Community and Urban Affairs Committee, or its successor, and the Assembly Housing and Local Government Committee, or its successor, a year-end report detailing the amount of Hardest Hit Fund moneys expended through the New Jersey HomeKeeper program in that previous calendar year, the number of homeowners who were provided financial assistance through the New Jersey HomeKeeper program, and the amount of federal funds used for administrative expenses by the agency.