



**VETO MESSAGE:** No

**GOVERNOR'S PRESS RELEASE ON SIGNING:** Yes

**FOLLOWING WERE PRINTED:**

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

**REPORTS:** No

**HEARINGS:** No

**NEWSPAPER ARTICLES:** No

**Also of possible interest to researchers:**

Public hearing before Assembly Housing and Community Development Committee : the Committee will receive testimony from invited guests and the public concerning foreclosures and vacant properties in the State

[September 20, 2018, Union, New Jersey]

Call number: 974.90 H842, 2018b

Online at: <http://hdl.handle.net/10929/49433>

RWH/CL

P.L. 2019, CHAPTER 131, *approved June 21, 2019*  
Assembly, No. 5096 (*First Reprint*)

1 AN ACT concerning Superstorm Sandy recovery and amending and  
2 supplementing P.L.2017, c.15.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. (New section) The Legislature finds and declares that:

8 a. Many families have experienced an economic crisis as a  
9 result of Superstorm Sandy that has continued for far longer than  
10 could have been expected when the storm hit;

11 b. Although the storm made landfall over six years ago, more  
12 than 1,000 families who qualified to receive federal recovery  
13 funding still have not been able to complete the rehabilitation of  
14 their homes, or move back in;

15 c. Many of the families who have not been able to return to  
16 their homes have continued to be responsible for the expenses  
17 associated with homeownership, while also paying to live  
18 elsewhere;

19 d. In 2017, the Legislature enacted P.L.2017, c.15 (C.52:15D-  
20 13 et al.), which offered certain homeowners impacted by  
21 Superstorm Sandy temporary protections against foreclosure, and  
22 required mortgage creditors to provide certain impacted persons a  
23 temporary pause in mortgage payment obligations; and

24 e. Because so many families are still unable to return to their  
25 homes, it is imperative for the Legislature to extend these  
26 protections until, with limited exception, the earlier of July 1,  
27 <sup>1</sup>**[2021]** 2022<sup>1</sup> or one year following the issuance of a certificate of  
28 occupancy, allowing a return to their home.

29

30 2. Section 5 of P.L.2017, c.15 (C.52:15D-13) is amended to  
31 read as follows:

32 5. a. A Sandy-impacted homeowner shall be eligible for a  
33 forbearance regardless of whether the homeowner's primary  
34 residence is already the subject of a foreclosure proceeding. The  
35 Sandy-impacted homeowner shall apply to the commissioner, on  
36 forms to be provided by the department, for a certification of  
37 eligibility for the forbearance under this subsection before the first  
38 day of the third month next following the date when the  
39 commissioner makes the application available pursuant to  
40 subparagraph (b) of paragraph (1) of subsection e. of this section.

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is  
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Assembly AAP committee amendments adopted March 18, 2019.

1 The commissioner shall approve or deny an application within 30  
2 days of its delivery to the commissioner. If the application is not  
3 approved or denied within 30 days of its delivery, the application  
4 shall be deemed approved.

5 b. The forbearance period shall conclude upon the earlier of:

6 (1) the conclusion of one year following issuance of a certificate  
7 of occupancy for recovery and rebuilding program work;

8 (2) July 1, ~~2019~~ <sup>1</sup>~~2021~~ 2022<sup>1</sup>; or

9 (3) regarding a property in foreclosure proceedings, upon the  
10 expiration of 10 days following sheriff's sale.

11 c. Notwithstanding the provisions of any law, rule, or  
12 regulation to the contrary, the repayment period of any mortgage  
13 subject to the forbearance established in subsection a. of this section  
14 shall be extended by the number of months the forbearance is in  
15 effect. During the time of the forbearance and during the period  
16 constituting an extension of the mortgage, all terms and conditions  
17 of the original mortgage, except with regard to default and  
18 delinquency during forbearance, shall continue without  
19 modification, and there shall be no fees assessed for the  
20 forbearance, or penalty for early repayment.

21 d. A Sandy-impacted homeowner who was the subject of a  
22 foreclosure proceeding as of August 10, 2015, the effective date of  
23 P.L.2015, c.102 (C.52:15D-3 et seq.) shall, upon good cause shown,  
24 be awarded, by the court and upon application by the property  
25 owner, a stay in the foreclosure proceedings. An application to the  
26 court by a property owner under this subsection shall be made  
27 before the first day of the fifth month next following the effective  
28 date of P.L.2017, c.15, unless the courts in their discretion permit  
29 application submission for a longer period. The receipt of rental  
30 assistance from the Federal Emergency Management Agency as a  
31 result of damage to the homeowner's primary residence due to  
32 Superstorm Sandy, or approval for assistance through the RREM or  
33 LMI program, shall constitute good cause for the award of a stay  
34 under this subsection for a period concluding upon the earlier of:

35 (1) the conclusion of one year following issuance of a certificate  
36 of occupancy for recovery and rebuilding program work; or

37 (2) July 1, ~~2019~~ <sup>1</sup>~~2021~~ 2022<sup>1</sup>.

38 e. (1) Prior to the first day of the second month next following  
39 the effective date of P.L.2017, c.15, the commissioner shall:

40 (a) notify as many Sandy-impacted homeowners as is  
41 reasonably possible of eligibility for a forbearance or stay of  
42 foreclosure proceedings;

43 (b) post information on eligibility and the application process  
44 for the forbearance and stay of foreclosure proceedings, and make  
45 forbearance applications available, on the department's Internet  
46 website;

1 (c) notify the courts of what individuals and associated  
2 properties are eligible for a forbearance or stay of foreclosure  
3 proceedings; and

4 (d) to the greatest extent reasonably possible, notify the State's  
5 active mortgage lenders of what individuals and associated  
6 properties are eligible for a forbearance or stay of foreclosure  
7 proceedings.

8 (2) Upon knowledge of a homeowner's eligibility for a  
9 forbearance or stay of foreclosure proceedings, the mortgage lender  
10 shall notify the homeowner and the courts.

11 (3) Upon approval of a forbearance application pursuant to  
12 subsection a. of this section, the commissioner shall notify the  
13 applicant, the mortgage lender, and the courts.

14 f. Sandy-impacted homeowners awarded a stay of foreclosure  
15 proceedings or forbearance, or both, under this section shall be  
16 responsible for the maintenance of the property during the stay or  
17 period of forbearance, or both. After service of notice of any  
18 proceedings conducted to terminate forbearance, made on the  
19 mortgagor at an address determined pursuant to due diligence of the  
20 movant mortgagee or creditor to be the actual current residence of  
21 the mortgagor, providing opportunity for the mortgagor to respond  
22 and contest the proceedings, a stay of foreclosure proceedings or  
23 forbearance, or both, awarded under this section shall cease  
24 immediately upon a court's determination that the subject residential  
25 property has been abandoned by the Sandy-impacted homeowner.

26 g. Nothing in this section shall be construed as limiting the  
27 ability of a mortgagee and residential property owner to participate  
28 in a mediation sponsored by the Administrative Office of the Courts  
29 in accordance with the requirements of the mediation program.  
30 Nothing in this section shall be construed to impact property tax  
31 and insurance obligations of a property owner related to any real  
32 property in the State.

33 (cf: P.L.2017, c.15, s.5)

34

35 3. This act shall take effect immediately.

36

37

38

39

40 \_\_\_\_\_  
41 Extends foreclosure protection and mortgage relief programs for  
certain Superstorm Sandy-impacted homeowners.

# ASSEMBLY, No. 5096

## STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED FEBRUARY 25, 2019

**Sponsored by:**

**Assemblyman JOHN ARMATO**

**District 2 (Atlantic)**

**Assemblyman ERIC HOUGHTALING**

**District 11 (Monmouth)**

**Assemblyman VINCENT MAZZEO**

**District 2 (Atlantic)**

**Co-Sponsored by:**

**Assemblyman Karabinchak**

**SYNOPSIS**

Extends foreclosure protection and mortgage relief programs for certain Superstorm Sandy-impacted homeowners.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 3/19/2019)**

1 AN ACT concerning Superstorm Sandy recovery and amending and  
2 supplementing P.L.2017, c.15.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. (New section) The Legislature finds and declares that:

8 a. Many families have experienced an economic crisis as a  
9 result of Superstorm Sandy that has continued for far longer than  
10 could have been expected when the storm hit;

11 b. Although the storm made landfall over six years ago, more  
12 than 1,000 families who qualified to receive federal recovery  
13 funding still have not been able to complete the rehabilitation of  
14 their homes, or move back in;

15 c. Many of the families who have not been able to return to  
16 their homes have continued to be responsible for the expenses  
17 associated with homeownership, while also paying to live  
18 elsewhere;

19 d. In 2017, the Legislature enacted P.L.2017, c.15 (C.52:15D-  
20 13 et al.), which offered certain homeowners impacted by  
21 Superstorm Sandy temporary protections against foreclosure, and  
22 required mortgage creditors to provide certain impacted persons a  
23 temporary pause in mortgage payment obligations; and

24 e. Because so many families are still unable to return to their  
25 homes, it is imperative for the Legislature to extend these  
26 protections until, with limited exception, the earlier of July 1, 2021  
27 or one year following the issuance of a certificate of occupancy,  
28 allowing a return to their home.

29

30 2. Section 5 of P.L.2017, c.15 (C.52:15D-13) is amended to  
31 read as follows:

32 5. a. A Sandy-impacted homeowner shall be eligible for a  
33 forbearance regardless of whether the homeowner's primary  
34 residence is already the subject of a foreclosure proceeding. The  
35 Sandy-impacted homeowner shall apply to the commissioner, on  
36 forms to be provided by the department, for a certification of  
37 eligibility for the forbearance under this subsection before the first  
38 day of the third month next following the date when the  
39 commissioner makes the application available pursuant to  
40 subparagraph (b) of paragraph (1) of subsection e. of this section.  
41 The commissioner shall approve or deny an application within 30  
42 days of its delivery to the commissioner. If the application is not  
43 approved or denied within 30 days of its delivery, the application  
44 shall be deemed approved.

45 b. The forbearance period shall conclude upon the earlier of:

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

1 (1) the conclusion of one year following issuance of a certificate  
2 of occupancy for recovery and rebuilding program work;

3 (2) July 1, **[2019]** 2021; or

4 (3) regarding a property in foreclosure proceedings, upon the  
5 expiration of 10 days following sheriff's sale.

6 c. Notwithstanding the provisions of any law, rule, or  
7 regulation to the contrary, the repayment period of any mortgage  
8 subject to the forbearance established in subsection a. of this section  
9 shall be extended by the number of months the forbearance is in  
10 effect. During the time of the forbearance and during the period  
11 constituting an extension of the mortgage, all terms and conditions  
12 of the original mortgage, except with regard to default and  
13 delinquency during forbearance, shall continue without  
14 modification, and there shall be no fees assessed for the  
15 forbearance, or penalty for early repayment.

16 d. A Sandy-impacted homeowner who was the subject of a  
17 foreclosure proceeding as of August 10, 2015, the effective date of  
18 P.L.2015, c.102 (C.52:15D-3 et seq.) shall, upon good cause shown,  
19 be awarded, by the court and upon application by the property  
20 owner, a stay in the foreclosure proceedings. An application to the  
21 court by a property owner under this subsection shall be made  
22 before the first day of the fifth month next following the effective  
23 date of P.L.2017, c.15, unless the courts in their discretion permit  
24 application submission for a longer period. The receipt of rental  
25 assistance from the Federal Emergency Management Agency as a  
26 result of damage to the homeowner's primary residence due to  
27 Superstorm Sandy, or approval for assistance through the RREM or  
28 LMI program, shall constitute good cause for the award of a stay  
29 under this subsection for a period concluding upon the earlier of:

30 (1) the conclusion of one year following issuance of a certificate  
31 of occupancy for recovery and rebuilding program work; or

32 (2) July 1, **[2019]** 2021.

33 e. (1) Prior to the first day of the second month next following  
34 the effective date of P.L.2017, c.15, the commissioner shall:

35 (a) notify as many Sandy-impacted homeowners as is  
36 reasonably possible of eligibility for a forbearance or stay of  
37 foreclosure proceedings;

38 (b) post information on eligibility and the application process  
39 for the forbearance and stay of foreclosure proceedings, and make  
40 forbearance applications available, on the department's Internet  
41 website;

42 (c) notify the courts of what individuals and associated  
43 properties are eligible for a forbearance or stay of foreclosure  
44 proceedings; and

45 (d) to the greatest extent reasonably possible, notify the State's  
46 active mortgage lenders of what individuals and associated  
47 properties are eligible for a forbearance or stay of foreclosure  
48 proceedings.

1 (2) Upon knowledge of a homeowner's eligibility for a  
2 forbearance or stay of foreclosure proceedings, the mortgage lender  
3 shall notify the homeowner and the courts.

4 (3) Upon approval of a forbearance application pursuant to  
5 subsection a. of this section, the commissioner shall notify the  
6 applicant, the mortgage lender, and the courts.

7 f. Sandy-impacted homeowners awarded a stay of foreclosure  
8 proceedings or forbearance, or both, under this section shall be  
9 responsible for the maintenance of the property during the stay or  
10 period of forbearance, or both. After service of notice of any  
11 proceedings conducted to terminate forbearance, made on the  
12 mortgagor at an address determined pursuant to due diligence of the  
13 movant mortgagee or creditor to be the actual current residence of  
14 the mortgagor, providing opportunity for the mortgagor to respond  
15 and contest the proceedings, a stay of foreclosure proceedings or  
16 forbearance, or both, awarded under this section shall cease  
17 immediately upon a court's determination that the subject residential  
18 property has been abandoned by the Sandy-impacted homeowner.

19 g. Nothing in this section shall be construed as limiting the  
20 ability of a mortgagee and residential property owner to participate  
21 in a mediation sponsored by the Administrative Office of the Courts  
22 in accordance with the requirements of the mediation program.  
23 Nothing in this section shall be construed to impact property tax  
24 and insurance obligations of a property owner related to any real  
25 property in the State.

26 (cf: P.L.2017, c.15, s.5)

27

28 3. This act shall take effect immediately.

29

30

31

#### STATEMENT

32

33 This bill would extend the mortgage forbearance and foreclosure  
34 proceeding stay protections, originally enacted in P.L.2017, c.15,  
35 until, with limited exception, the earlier of July 1, 2021 or one year  
36 following the issuance of a certificate of occupancy, which typically  
37 indicates a return to the home.

38 In order to address the economic crisis that many families  
39 continue to experience as a result of Superstorm Sandy, the  
40 Legislature enacted P.L.2017, c.15, which offers temporary  
41 protections against the threat of foreclosure to certain Sandy-  
42 impacted homeowners. P.L.2017, c.15 directed the courts to allow  
43 a stay of foreclosure proceedings for eligible applicants facing  
44 foreclosure, if they apply to the courts for this benefit. P.L.2017,  
45 c.15 also offered a mortgage forbearance to certain Superstorm  
46 Sandy-impacted homeowners. The forbearance amounts to a pause  
47 in the effective period of a mortgage, during which the obligation to  
48 pay principal and interest is temporarily suspended. That payment

**A5096 ARMATO, HOUGHTALING**

1 obligation would later be extended to the end of the mortgage in  
2 proportion to the length of the forbearance period. Certain Sandy-  
3 impacted homeowners have been deemed eligible by the  
4 Department of Community Affairs (“DCA”) for the forbearance.  
5 This bill would not reopen the application process for those not  
6 already deemed eligible. However, in its current form, the  
7 protections of P.L.2017, c.15 would not continue beyond July 1,  
8 2019. This bill would allow these benefits to continue until the  
9 earlier of July 1, 2021 or one year following the issuance of a  
10 certificate of occupancy. With regard to homeowners who were  
11 already in foreclosure upon applying for a forbearance, the  
12 expiration of the forbearance would instead occur at the conclusion  
13 of their redemption period.

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

### ASSEMBLY, No. 5096

with committee amendments

# STATE OF NEW JERSEY

DATED: MARCH 18, 2019

The Assembly Appropriations Committee reports favorably Assembly Bill No. 5096, with committee amendments.

As amended, this bill extends the mortgage forbearance and foreclosure proceeding stay protections, originally enacted in P.L.2017, c.15, until, with limited exception, the earlier of July 1, 2022 or one year following the issuance of a certificate of occupancy, which typically indicates a return to the home.

In order to address the economic crisis that many families continue to experience as a result of Superstorm Sandy, the Legislature enacted P.L.2017, c.15, which offers temporary protections against the threat of foreclosure to certain Sandy-impacted homeowners. P.L.2017, c.15 directed the courts to allow a stay of foreclosure proceedings for eligible applicants facing foreclosure, if they apply to the courts for this benefit.

P.L.2017, c.15 also offered mortgage forbearance to certain Superstorm Sandy-impacted homeowners. The forbearance amounts to a pause in the effective period of a mortgage, during which the obligation to pay principal and interest is temporarily suspended. That payment obligation would later be extended to the end of the mortgage in proportion to the length of the forbearance period.

Certain Sandy-impacted homeowners have been deemed eligible by the Department of Community Affairs (“DCA”) for the forbearance. This bill would not reopen the application process for those not already deemed eligible. However, in its current form, the protections of P.L.2017, c.15 would not continue beyond July 1, 2019. This bill allows these benefits to continue until the earlier of July 1, 2022 or one year following the issuance of a certificate of occupancy. With regard to homeowners who were already in foreclosure upon applying for forbearance, the expiration of the forbearance would instead occur at the conclusion of their redemption period.

#### COMMITTEE AMENDMENTS:

The committee amended the bill to extend the protections to July 1, 2022 in place of July 1, 2021.

**FISCAL IMPACT:**

The Office of Legislative Services (OLS) estimates that the enactment of the bill could result in a potential short-term decrease in New Jersey Housing and Mortgage Finance Agency (NJHMFA) revenue due to the continue suspension of mortgage and interest payments by eligible Sandy-impacted homeowners. Consequently, the NJHMFA could incur additional debt service costs if the total collection of mortgage and interest payments is insufficient to fully support the agency's scheduled mortgage revenue bond payments.

Given the limited number of Sandy-impacted homeowners receiving mortgage forbearances, the OLS does not expect the bill to have a significant impact on NJHMFA finances. According to the Department of Community Affairs, 477 Sandy-impacted homeowners were awarded a mortgage forbearance; it is unclear how many of these homeowners, if any, hold mortgages financed through the NJHMFA.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

**ASSEMBLY, No. 5096**

# **STATE OF NEW JERSEY**

DATED: JUNE 17, 2019

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 5096 (1R).

Assembly Bill No. 5096 (1R) extends the mortgage forbearance and foreclosure proceeding stay protections, originally enacted in P.L.2017, c.15, until, with limited exception, the earlier of July 1, 2022 or one year following the issuance of a certificate of occupancy, which typically indicates a return to the home.

In order to address the economic crisis that many families continue to experience as a result of Superstorm Sandy, the Legislature enacted P.L.2017, c.15, which offers temporary protections against the threat of foreclosure to certain Sandy-impacted homeowners. P.L.2017, c.15 directed the courts to allow a stay of foreclosure proceedings for eligible applicants facing foreclosure, if they apply to the courts for this benefit.

P.L.2017, c.15 also offered mortgage forbearance to certain Superstorm Sandy-impacted homeowners. The forbearance amounts to a pause in the effective period of a mortgage, during which the obligation to pay principal and interest is temporarily suspended. That payment obligation would later be extended to the end of the mortgage in proportion to the length of the forbearance period.

Certain Sandy-impacted homeowners have been deemed eligible by the Department of Community Affairs (“DCA”) for the forbearance. This bill would not reopen the application process for those not already deemed eligible. However, in its current form, the protections of P.L.2017, c.15 would not continue beyond July 1, 2019. This bill allows these benefits to continue until the earlier of July 1, 2022 or one year following the issuance of a certificate of occupancy. With regard to homeowners who were already in foreclosure upon applying for forbearance, the expiration of the forbearance would instead occur at the conclusion of their redemption period.

As reported by the committee, Assembly Bill No. 5096 (1R) is identical to Senate Bill No. 3582, which was amended and reported by the committee on this date.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the enactment of the bill could have a potential marginal fiscal impact on the New Jersey Housing and Mortgage Finance Agency (NJHMFA) resulting from the extended forbearance of any mortgage financed through agency bonds.

The bill extends the mortgage forbearance period awarded to certain homeowners impacted by Superstorm Sandy. Currently, the mortgage forbearance is required to conclude no later than July 1, 2019. Under the bill, the mortgage forbearance would conclude upon the earlier of July 1, 2022, or one year following the issuance of a certificate of occupancy, with limited exceptions.

The bill could result in a potential short-term decrease in NJHMFA revenue due to the continued suspension of mortgage and interest payments by eligible Sandy-impacted homeowners. Consequently, the NJHMFA could incur additional debt service costs if the total collection of mortgage and interest payments is insufficient to fully support the agency's scheduled mortgage revenue bond payments.

Given the limited number of Sandy-impacted homeowners receiving mortgage forbearances, the OLS does not expect the bill to have a significant impact on NJHMFA finances. According to information provided by the Department of Community Affairs, 477 Sandy-impacted homeowners were awarded a mortgage forbearance; it is unclear how many of these homeowners, if any, hold mortgages financed through the agency.

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## ASSEMBLY, No. 5096

### STATE OF NEW JERSEY 218th LEGISLATURE

DATED: JUNE 18, 2019

#### SUMMARY

- Synopsis:** Extends foreclosure protection and mortgage relief programs for certain Superstorm Sandy-impacted homeowners.
- Type of Impact:** Indeterminate potential marginal impact on State finances.
- Agencies Affected:** New Jersey Housing and Mortgage Finance Agency

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>State Finances</b>	Indeterminate Potential Marginal Impact		

- The Office of Legislative Services (OLS) estimates that the enactment of the bill could have a potential marginal fiscal impact on the New Jersey Housing and Mortgage Finance Agency (NJHMFA) resulting from the extended forbearance of any mortgage financed through agency bonds.
- The bill extends the mortgage forbearance period awarded to certain homeowners impacted by Superstorm Sandy. Currently, the mortgage forbearance is required to conclude no later than July 1, 2019. Under the bill, the mortgage forbearance would conclude upon the earlier of July 1, 2022, or one year following the issuance of a certificate of occupancy, with limited exceptions.
- The bill could result in a potential short-term decrease in NJHMFA revenue due to the continued suspension of mortgage and interest payments by eligible Sandy-impacted homeowners. Consequently, the NJHMFA could incur additional debt service costs if the total collection of mortgage and interest payments is insufficient to fully support the agency's scheduled mortgage revenue bond payments.
- Given the limited number of Sandy-impacted homeowners receiving mortgage forbearances, the OLS does not expect the bill to have a significant impact on NJHMFA finances. According to information provided by the Department of Community Affairs, 477 Sandy-

impacted homeowners were awarded a mortgage forbearance; it is unclear how many of these homeowners, if any, hold mortgages financed through the agency.

## **BILL DESCRIPTION**

The bill extends the mortgage forbearance protections awarded to certain homeowners impacted by Superstorm Sandy. Under the bill, the mortgage forbearance would be required to conclude upon the earlier of July 1, 2022, or one year following the issuance of a certificate of occupancy, with limited exceptions.

Pursuant to section 5 of P.L.2017, c.15 (C.52:15D-13), certain Sandy-impacted homeowners were provided an opportunity for a temporary mortgage forbearance, during which time the obligation to make scheduled principal and interest payments is temporarily suspended. Applicants were required to apply for the mortgage forbearance before the first day of the third month following the enactment of P.L.2017, c.15. The bill does not reopen the application process for eligible Sandy-impacted homeowners.

Under current law, the mortgage forbearance is required to conclude upon the earlier of July 1, 2019, or one year following the issuance of a certificate of occupancy, with limited exceptions. The bill instead provides that the mortgage forbearance is required to conclude upon the earlier of July 1, 2022, or one year following the issuance of a certificate of occupancy, with limited exceptions. With regard to homeowners who were already in foreclosure upon applying for forbearance, the expiration of the forbearance would instead occur at the conclusion of their redemption period.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS estimates that the enactment of the bill could have a potential marginal fiscal impact on the NJHMFA resulting from the extended forbearance period for any mortgage financed through agency bonds.

The bill extends the mortgage forbearance period awarded to certain homeowners impacted by Superstorm Sandy. Currently, the mortgage forbearance is required to conclude no later than July 1, 2019. Under the bill, the mortgage forbearance would conclude upon the earlier of July 1, 2022, or one year following the issuance of a certificate of occupancy, with limited exceptions. The OLS also notes that the bill would not allow any person who has not already received a mortgage forbearance to apply for the forbearance.

The NJHMFA is a State agency that operates “in, but not of,” the Department of Community Affairs (DCA). However, the NJHMFA does not receive State funding. As a result, NJHMFA operations are funded through the issuance of mortgage revenue bonds, in addition to certain other sources. Mortgage revenue bonds are secured by the monthly mortgage payments of borrowers whose home mortgages were financed by the bond sale. As such, the mortgage payments of borrowers who benefit from NJHMFA loans provide the stream of revenue with which the agency repays its bondholders.

The bill could result in a potential marginal short-term decrease in NJHMFA revenue due to the continued suspension of mortgage and interest payments by Sandy-impacted homeowners who received the mortgage forbearance. As a result, the NJHMFA could potentially incur additional debt service costs if its total collection of mortgage and interest payments is insufficient to fully support the agency's scheduled mortgage revenue bond payments. In this event, the agency would be required to use other funding sources (e.g., surplus, funds designated for other programs, or funds held in a debt service reserve) to make scheduled bond payments.

However, given the limited number of Sandy-impacted homeowners who received the mortgage forbearance, the OLS does not expect the bill to have a significant impact on NJHMFA finances. In response to a Fiscal Year 2019 OLS Budget Discussion Point, the DCA reported that 477 Sandy-impacted homeowners were awarded a mortgage forbearance; it is unclear how many of these homeowners, if any, hold mortgages that were financed through NJHMFA bonds. The OLS also notes that the bill would not extend the forbearance of any Sandy-impacted homeowner whose residential property was issued a certificate of occupancy more than one year prior to the enactment of the bill.

*Section: Local Government*

*Analyst: Joseph A. Pezzulo  
Associate Research Analyst*

*Approved: Frank W. Haines III  
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

**SENATE, No. 3582**

---

**STATE OF NEW JERSEY**  
**218th LEGISLATURE**

---

INTRODUCED MARCH 14, 2019

**Sponsored by:**

**Senator LINDA R. GREENSTEIN**  
**District 14 (Mercer and Middlesex)**

**Co-Sponsored by:**

**Senators Brown, Gopal, Connors, Holzapfel, O'Scanlon, Singer and Thompson**

**SYNOPSIS**

Extends foreclosure protection and mortgage relief programs for certain Superstorm Sandy-impacted homeowners.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/18/2019)**

1 AN ACT concerning Superstorm Sandy recovery and amending and  
2 supplementing P.L.2017, c.15.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. (New section) The Legislature finds and declares that:

8 a. Many families have experienced an economic crisis as a  
9 result of Superstorm Sandy that has continued for far longer than  
10 could have been expected when the storm hit;

11 b. Although the storm made landfall over six years ago, more  
12 than 1,000 families who qualified to receive federal recovery  
13 funding still have not been able to complete the rehabilitation of  
14 their homes, or move back in;

15 c. Many of the families who have not been able to return to  
16 their homes have continued to be responsible for the expenses  
17 associated with homeownership, while also paying to live  
18 elsewhere;

19 d. In 2017, the Legislature enacted P.L.2017, c.15 (C.52:15D-  
20 13 et al.), which offered certain homeowners impacted by  
21 Superstorm Sandy temporary protections against foreclosure, and  
22 required mortgage creditors to provide certain impacted persons a  
23 temporary pause in mortgage payment obligations; and

24 e. Because so many families are still unable to return to their  
25 homes, it is imperative for the Legislature to extend these  
26 protections until, with limited exception, the earlier of July 1, 2021  
27 or one year following the issuance of a certificate of occupancy,  
28 allowing a return to their home.

29

30 2. Section 5 of P.L.2017, c.15 (C.52:15D-13) is amended to  
31 read as follows:

32 5. a. A Sandy-impacted homeowner shall be eligible for a  
33 forbearance regardless of whether the homeowner's primary  
34 residence is already the subject of a foreclosure proceeding. The  
35 Sandy-impacted homeowner shall apply to the commissioner, on  
36 forms to be provided by the department, for a certification of  
37 eligibility for the forbearance under this subsection before the first  
38 day of the third month next following the date when the  
39 commissioner makes the application available pursuant to  
40 subparagraph (b) of paragraph (1) of subsection e. of this section.  
41 The commissioner shall approve or deny an application within 30  
42 days of its delivery to the commissioner. If the application is not  
43 approved or denied within 30 days of its delivery, the application  
44 shall be deemed approved.

45 b. The forbearance period shall conclude upon the earlier of:

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

1 (1) the conclusion of one year following issuance of a certificate  
2 of occupancy for recovery and rebuilding program work;

3 (2) July 1, **[2019]** 2021; or

4 (3) regarding a property in foreclosure proceedings, upon the  
5 expiration of 10 days following sheriff's sale.

6 c. Notwithstanding the provisions of any law, rule, or  
7 regulation to the contrary, the repayment period of any mortgage  
8 subject to the forbearance established in subsection a. of this section  
9 shall be extended by the number of months the forbearance is in  
10 effect. During the time of the forbearance and during the period  
11 constituting an extension of the mortgage, all terms and conditions  
12 of the original mortgage, except with regard to default and  
13 delinquency during forbearance, shall continue without  
14 modification, and there shall be no fees assessed for the  
15 forbearance, or penalty for early repayment.

16 d. A Sandy-impacted homeowner who was the subject of a  
17 foreclosure proceeding as of August 10, 2015, the effective date of  
18 P.L.2015, c.102 (C.52:15D-3 et seq.) shall, upon good cause shown,  
19 be awarded, by the court and upon application by the property  
20 owner, a stay in the foreclosure proceedings. An application to the  
21 court by a property owner under this subsection shall be made  
22 before the first day of the fifth month next following the effective  
23 date of P.L.2017, c.15, unless the courts in their discretion permit  
24 application submission for a longer period. The receipt of rental  
25 assistance from the Federal Emergency Management Agency as a  
26 result of damage to the homeowner's primary residence due to  
27 Superstorm Sandy, or approval for assistance through the RREM or  
28 LMI program, shall constitute good cause for the award of a stay  
29 under this subsection for a period concluding upon the earlier of:

30 (1) the conclusion of one year following issuance of a certificate  
31 of occupancy for recovery and rebuilding program work; or

32 (2) July 1, **[2019]** 2021.

33 e. (1) Prior to the first day of the second month next following  
34 the effective date of P.L.2017, c.15, the commissioner shall:

35 (a) notify as many Sandy-impacted homeowners as is  
36 reasonably possible of eligibility for a forbearance or stay of  
37 foreclosure proceedings;

38 (b) post information on eligibility and the application process  
39 for the forbearance and stay of foreclosure proceedings, and make  
40 forbearance applications available, on the department's Internet  
41 website;

42 (c) notify the courts of what individuals and associated  
43 properties are eligible for a forbearance or stay of foreclosure  
44 proceedings; and

45 (d) to the greatest extent reasonably possible, notify the State's  
46 active mortgage lenders of what individuals and associated  
47 properties are eligible for a forbearance or stay of foreclosure  
48 proceedings.

1 (2) Upon knowledge of a homeowner's eligibility for a  
2 forbearance or stay of foreclosure proceedings, the mortgage lender  
3 shall notify the homeowner and the courts.

4 (3) Upon approval of a forbearance application pursuant to  
5 subsection a. of this section, the commissioner shall notify the  
6 applicant, the mortgage lender, and the courts.

7 f. Sandy-impacted homeowners awarded a stay of foreclosure  
8 proceedings or forbearance, or both, under this section shall be  
9 responsible for the maintenance of the property during the stay or  
10 period of forbearance, or both. After service of notice of any  
11 proceedings conducted to terminate forbearance, made on the  
12 mortgagor at an address determined pursuant to due diligence of the  
13 movant mortgagee or creditor to be the actual current residence of  
14 the mortgagor, providing opportunity for the mortgagor to respond  
15 and contest the proceedings, a stay of foreclosure proceedings or  
16 forbearance, or both, awarded under this section shall cease  
17 immediately upon a court's determination that the subject residential  
18 property has been abandoned by the Sandy-impacted homeowner.

19 g. Nothing in this section shall be construed as limiting the  
20 ability of a mortgagee and residential property owner to participate  
21 in a mediation sponsored by the Administrative Office of the Courts  
22 in accordance with the requirements of the mediation program.  
23 Nothing in this section shall be construed to impact property tax  
24 and insurance obligations of a property owner related to any real  
25 property in the State.

26 (cf: P.L.2017, c.15, s.5)

27

28 3. This act shall take effect immediately.

29

30

31

STATEMENT

32

33 This bill would extend the mortgage forbearance and foreclosure  
34 proceeding stay protections, originally enacted in P.L.2017, c.15,  
35 until, with limited exception, the earlier of July 1, 2021 or one year  
36 following the issuance of a certificate of occupancy, which typically  
37 indicates a return to the home.

38 In order to address the economic crisis that many families  
39 continue to experience as a result of Superstorm Sandy, the  
40 Legislature enacted P.L.2017, c.15, which offers temporary  
41 protections against the threat of foreclosure to certain Sandy-  
42 impacted homeowners. P.L.2017, c.15 directed the courts to allow  
43 a stay of foreclosure proceedings for eligible applicants facing  
44 foreclosure, if they apply to the courts for this benefit. P.L.2017,  
45 c.15 also offered a mortgage forbearance to certain Superstorm  
46 Sandy-impacted homeowners. The forbearance amounts to a pause  
47 in the effective period of a mortgage, during which the obligation to  
48 pay principal and interest is temporarily suspended. That payment

**S3582 GREENSTEIN**

1 obligation would later be extended to the end of the mortgage in  
2 proportion to the length of the forbearance period. Certain Sandy-  
3 impacted homeowners have been deemed eligible by the  
4 Department of Community Affairs (“DCA”) for the forbearance.  
5 This bill would not reopen the application process for those not  
6 already deemed eligible. However, in its current form, the  
7 protections of P.L.2017, c.15 would not continue beyond July 1,  
8 2019. This bill would allow these benefits to continue until the  
9 earlier of July 1, 2021 or one year following the issuance of a  
10 certificate of occupancy. With regard to homeowners who were  
11 already in foreclosure upon applying for a forbearance, the  
12 expiration of the forbearance would instead occur at the conclusion  
13 of their redemption period.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **SENATE, No. 3582**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: JUNE 17, 2019

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3582, with committee amendments.

As amended and reported, Senate Bill No. 3582 extends the mortgage forbearance and foreclosure proceeding stay protections, originally enacted in P.L.2017, c.15, until, with limited exception, the earlier of July 1, 2022 or one year following the issuance of a certificate of occupancy, which typically indicates a return to the home.

In order to address the economic crisis that many families continue to experience as a result of Superstorm Sandy, the Legislature enacted P.L.2017, c.15, which offers temporary protections against the threat of foreclosure to certain Sandy-impacted homeowners. P.L.2017, c.15 directed the courts to allow a stay of foreclosure proceedings for eligible applicants facing foreclosure, if they apply to the courts for this benefit.

P.L.2017, c.15 also offered mortgage forbearance to certain Superstorm Sandy-impacted homeowners. The forbearance amounts to a pause in the effective period of a mortgage, during which the obligation to pay principal and interest is temporarily suspended. That payment obligation would later be extended to the end of the mortgage in proportion to the length of the forbearance period.

Certain Sandy-impacted homeowners have been deemed eligible by the Department of Community Affairs (“DCA”) for the forbearance. This bill would not reopen the application process for those not already deemed eligible. However, in its current form, the protections of P.L.2017, c.15 would not continue beyond July 1, 2019. This bill allows these benefits to continue until the earlier of July 1, 2022 or one year following the issuance of a certificate of occupancy. With regard to homeowners who were already in foreclosure upon applying for forbearance, the expiration of the forbearance would instead occur at the conclusion of their redemption period.

As amended and reported by the committee, Senate Bill No.3582 is identical to Assembly Bill No. 5096 (1R), which also was reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amended the bill to extend the protections to July 1, 2022 in place of July 1, 2021.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the enactment of the bill could have a potential marginal fiscal impact on the New Jersey Housing and Mortgage Finance Agency (NJHMFA) resulting from the extended forbearance of any mortgage financed through agency bonds.

The bill extends the mortgage forbearance period awarded to certain homeowners impacted by Superstorm Sandy. Currently, the mortgage forbearance is required to conclude no later than July 1, 2019. Under the bill, the mortgage forbearance would conclude upon the earlier of July 1, 2022, or one year following the issuance of a certificate of occupancy, with limited exceptions.

The bill could result in a potential short-term decrease in NJHMFA revenue due to the continued suspension of mortgage and interest payments by eligible Sandy-impacted homeowners. Consequently, the NJHMFA could incur additional debt service costs if the total collection of mortgage and interest payments is insufficient to fully support the agency's scheduled mortgage revenue bond payments.

Given the limited number of Sandy-impacted homeowners receiving mortgage forbearances, the OLS does not expect the bill to have a significant impact on NJHMFA finances. According to information provided by the Department of Community Affairs, 477 Sandy-impacted homeowners were awarded a mortgage forbearance; it is unclear how many of these homeowners, if any, hold mortgages financed through the agency.

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

**SENATE, No. 3582**

## **STATE OF NEW JERSEY 218th LEGISLATURE**

DATED: JUNE 24, 2019

### **SUMMARY**

- Synopsis:** Extends foreclosure protection and mortgage relief programs for certain Superstorm Sandy-impacted homeowners.
- Type of Impact:** Indeterminate potential marginal impact on State finances.
- Agencies Affected:** New Jersey Housing and Mortgage Finance Agency

#### **Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>State Finances</b>	Indeterminate Potential Marginal Impact		

- The Office of Legislative Services (OLS) estimates that the enactment of the bill could have a potential marginal fiscal impact on the New Jersey Housing and Mortgage Finance Agency (NJHMFA) resulting from the extended forbearance of any mortgage financed through agency bonds.
- The bill extends the mortgage forbearance period awarded to certain homeowners impacted by Superstorm Sandy. Currently, the mortgage forbearance is required to conclude no later than July 1, 2019. Under the bill, the mortgage forbearance would conclude upon the earlier of July 1, 2022, or one year following the issuance of a certificate of occupancy, with limited exceptions.
- The bill could result in a potential short-term decrease in NJHMFA revenue due to the continued suspension of mortgage and interest payments by eligible Sandy-impacted homeowners. Consequently, the NJHMFA could incur additional debt service costs if the total collection of mortgage and interest payments is insufficient to fully support the agency's scheduled mortgage revenue bond payments.
- Given the limited number of Sandy-impacted homeowners receiving mortgage forbearances, the OLS does not expect the bill to have a significant impact on NJHMFA finances. According to information provided by the Department of Community Affairs, 477 Sandy-

impacted homeowners were awarded a mortgage forbearance; it is unclear how many of these homeowners, if any, hold mortgages financed through the agency.

## **BILL DESCRIPTION**

The bill extends the mortgage forbearance protections awarded to certain homeowners impacted by Superstorm Sandy. Under the bill, the mortgage forbearance would be required to conclude upon the earlier of July 1, 2022, or one year following the issuance of a certificate of occupancy, with limited exceptions.

Pursuant to section 5 of P.L.2017, c.15 (C.52:15D-13), certain Sandy-impacted homeowners were provided an opportunity for a temporary mortgage forbearance, during which time the obligation to make scheduled principal and interest payments is temporarily suspended. Applicants were required to apply for the mortgage forbearance before the first day of the third month following the enactment of P.L.2017, c.15. The bill does not reopen the application process for eligible Sandy-impacted homeowners.

Under current law, the mortgage forbearance is required to conclude upon the earlier of July 1, 2019, or one year following the issuance of a certificate of occupancy, with limited exceptions. The bill instead provides that the mortgage forbearance is required to conclude upon the earlier of July 1, 2022, or one year following the issuance of a certificate of occupancy, with limited exceptions. With regard to homeowners who were already in foreclosure upon applying for forbearance, the expiration of the forbearance would instead occur at the conclusion of their redemption period.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS estimates that the enactment of the bill could have a potential marginal fiscal impact on the NJHMFA resulting from the extended forbearance period for any mortgage financed through agency bonds.

The bill extends the mortgage forbearance period awarded to certain homeowners impacted by Superstorm Sandy. Currently, the mortgage forbearance is required to conclude no later than July 1, 2019. Under the bill, the mortgage forbearance would conclude upon the earlier of July 1, 2022, or one year following the issuance of a certificate of occupancy, with limited exceptions. The OLS also notes that the bill would not allow any person who has not already received a mortgage forbearance to apply for the forbearance.

The NJHMFA is a State agency that operates “in, but not of,” the Department of Community Affairs (DCA). However, the NJHMFA does not receive State funding. As a result, NJHMFA operations are funded through the issuance of mortgage revenue bonds, in addition to certain other sources. Mortgage revenue bonds are secured by the monthly mortgage payments of borrowers whose home mortgages were financed by the bond sale. As such, the mortgage payments of borrowers who benefit from NJHMFA loans provide the stream of revenue with which the agency repays its bondholders.

The bill could result in a potential marginal short-term decrease in NJHMFA revenue due to the continued suspension of mortgage and interest payments by Sandy-impacted homeowners

who received the mortgage forbearance. As a result, the NJHMFA could potentially incur additional debt service costs if its total collection of mortgage and interest payments is insufficient to fully support the agency's scheduled mortgage revenue bond payments. In this event, the agency would be required to use other funding sources (e.g., surplus, funds designated for other programs, or funds held in a debt service reserve) to make scheduled bond payments.

However, given the limited number of Sandy-impacted homeowners who received the mortgage forbearance, the OLS does not expect the bill to have a significant impact on NJHMFA finances. In response to a Fiscal Year 2019 OLS Budget Discussion Point, the DCA reported that 477 Sandy-impacted homeowners were awarded a mortgage forbearance; it is unclear how many of these homeowners, if any, hold mortgages that were financed through NJHMFA bonds. The OLS also notes that the bill would not extend the forbearance of any Sandy-impacted homeowner whose residential property was issued a certificate of occupancy more than one year prior to the enactment of the bill.

*Section: Local Government*

*Analyst: Joseph A. Pezzulo  
Associate Research Analyst*

*Approved: Frank W. Haines III  
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

# Governor Murphy Signs Legislation to Support Homeowners Impacted by Superstorm Sandy

06/21/2019

## *Governor's 300<sup>th</sup> Bill Signed into Law Extends Foreclosure Protections for an Additional Three Years*

**TRENTON** – Governor Phil Murphy today signed legislation to extend for three years foreclosure protections and mortgage relief programs for homeowners impacted by Superstorm Sandy, which were originally set to expire on July 1, 2019.

“Superstorm Sandy affected all New Jerseyans, but some of our residents are still suffering the impacts of that terrible storm,” **said Governor Murphy**. “It is our responsibility to protect our neighbors and friends from any continued financial fallout and to keep these families in their homes. I thank the legislative sponsors and advocates for their leadership in standing up for Sandy-affected homeowners.”

“Superstorm Sandy left a tremendous scar on New Jersey, which is why we must continue to provide our impacted homeowners every affordance possible to help them finish the process of rebuilding and getting back in their homes,” **said Lieutenant Governor Sheila Oliver, who also serves as Commissioner of the Department of Community Affairs**. “Extending mortgage forbearance will help prevent foreclosures and assist the remaining families experiencing extreme hardship after the storm.”

The new law, A5096, extends the mortgage forbearance and foreclosure proceeding stay protections, originally enacted and signed into law in 2017, until July 1, 2022 or one year following the issuance of a certificate of occupancy, which typically indicates a return to the home.

Primary sponsors of the legislation include Assemblymen John Armato, Eric Houghtaling, and Vincent Mazzeo, and Senator Linda Greenstein.

“Although this storm devastated our coast over six years ago, the rebuilding efforts from Superstorm Sandy are still ongoing,” **said Senator Greenstein**. “To let these programs expire would not only be disservice to the homeowners but also to the state as a whole. Extending the benefits of this relief program will ensure that these homeowners are given the additional time they need to rebuild their homes. It takes years to rebuild from such a devastating storm and we must continue to support those in their recovery.”

“Seven years later, countless New Jersey residents are still feeling the effects of Sandy,” **said Assemblyman Armato**. “It will take time for families whose homes were destroyed or significantly damaged to get back on their feet. Unfortunately, some storm victims also became victims of contractor fraud while trying to repair their homes. We need to do all we can to help families rebuild and recover from Sandy, starting with protecting them from foreclosure.”

“Hurricane Sandy was devastating for New Jersey, and the road to recovery has been far from smooth for too many residents,” **said Assemblyman Houghtaling**. “More than 150 people have been charged with fraud related to Sandy relief, and the scams cost hundreds of storm victims over \$20 million. While we cannot change how victims were treated by contractors in the past, we can ensure they have the time they need to find qualified workers to rebuild their homes.”

“To this day, there are families who have yet to move back in to their homes after Sandy,” **said Assemblyman Mazzeo**. “Some were scammed by contractors who had promised to help make repairs. Others have struggled to afford significant reconstruction. This legislation will help protect storm victims from losing their homes while they are trying to restore them.”

Homeowners impacted by Superstorm Sandy voiced their support for the measure.

“We are so relieved,” **said Carol Ferraioli, Port Monmouth resident**. “Now we can start our rebuild without worrying about foreclosure, thank you!”

“The mortgage forbearance has taken some stress off my financial burdens,” **said Alfonso LoGiudice, Ventnor resident**. “My family and I are grateful to all that made this possible.”

“I received a call last week from my bank saying I would have to start paying my \$2,000 a month mortgage payment July 1<sup>st</sup>,” **said Marita Vinci, Brigantine resident**. “I was hoping to be home soon, but still need funding. The passing of this bill will make a difference in my getting home.”

