

**CHAPTER 80  
NEW JERSEY HOUSING AND MORTGAGE  
FINANCE AGENCY**

**Authority**

N.J.S.A. 55:14K-5g.

**Source and Effective Date**

R.2000 d.132, effective February 28, 2000.  
See: 32 N.J.R. 191(a), 32 N.J.R. 1065(a).

**Executive Order No. 66(1978) Expiration Date**

Chapter 80, New Jersey Housing and Mortgage Finance Agency, expires on February 28, 2005.

**Chapter Historical Note**

Chapter 80, Housing Finance Agency, was adopted as R.1977 d.71, effective march 4, 1977. See: 9 N.J.R. 62(c), 9 N.J.R. 164(c).

Chapter 80, New Jersey Housing and Mortgage Finance Agency, was adopted as R.1985 d.241, effective May 20, 1985. See: 17 N.J.R. 505(a), 17 N.J.R. 1258(b).

Pursuant to Executive Order No. 66(1978), Chapter 80, New Jersey Housing and Mortgage Finance Agency, was readopted as R.1990 d.248, effective April 20, 1990. See: 22 N.J.R. 277(b), 22 N.J.R. 1556(a).

Pursuant to Executive Order No. 66(1978), Chapter 80, New Jersey Housing and Mortgage Finance Agency, was readopted as R.1995 d.247, effective April 17, 1995. See: 27 N.J.R. 265(a), 27 N.J.R. 1977(a).

Subchapter 33, Low Income Housing Tax Credit Qualified Allocation Plan, was adopted as R.1995 d.281, effective June 5, 1995. See: 27 N.J.R. 986(a), 27 N.J.R. 2190(a).

Subchapter 33, Low Income Housing Tax Credit Qualified Allocation Plan, was repealed and Subchapter 33, Low Income Housing Tax Credit Qualified Allocation Plan, was adopted as new rules by R.1996 d.255, effective June 3, 1996. See: 28 N.J.R. 1443(b), 28 N.J.R. 2843(a).

Pursuant to Executive Order No. 66(1978), Chapter 80, New Jersey Housing and Mortgage Finance Agency, was readopted as R.2000 d.132, effecting February 28, 2000. See: Source and Effective Date. See, also, section annotations.

**CHAPTER TABLE OF CONTENTS**

**SUBCHAPTER 1. GENERAL PROVISIONS**

- 5:80-1.1 Authority
- 5:80-1.2 Purpose and objective
- 5:80-1.3 General definitions
- 5:80-1.4 Regulations regarding Housing Projects

**SUBCHAPTER 2. ACTIONS REGARDING HOUSING SPONSORS**

- 5:80-2.1 Rights of housing sponsors
- 5:80-2.2 Consultation with housing sponsors
- 5:80-2.3 Temporary appointment of Agency representative to perform functions on behalf of housing sponsors

**SUBCHAPTER 3. RETURN ON EQUITY**

- 5:80-3.1 Authority

- 5:80-3.2 Housing projects prior to January 17, 1984
- 5:80-3.3 Housing projects on or after January 17, 1984
- 5:80-3.4 Conditions required for distribution
- 5:80-3.5 Waiver

**SUBCHAPTER 4. (RESERVED)**

**SUBCHAPTER 5. TRANSFER OF OWNERSHIP INTERESTS**

- 5:80-5.1 Definitions
- 5:80-5.2 General policy
- 5:80-5.3 Applicability
- 5:80-5.4 Procedure
- 5:80-5.5 Scope of review
- 5:80-5.6 Required documents
- 5:80-5.7 Secondary financing
- 5:80-5.8 Return on equity
- 5:80-5.9 Required payment and repayments
- 5:80-5.10 Prepayment
- 5:80-5.11 Approval and disclosure requirements

**SUBCHAPTER 6. SALE OF PROJECTS OWNED BY NONPROFIT CORPORATIONS TO LIMITED PARTNERSHIPS**

- 5:80-6.1 Definitions
- 5:80-6.2 Procedures
- 5:80-6.3 Determination of total development cost
- 5:80-6.4 Required fees and repayments
- 5:80-6.5 Use of funds with regard to projects subsidized under Section 8
- 5:80-6.6 Use of funds with regard to projects subsidized under Section 236 Interest Reduction Program
- 5:80-6.7 Investment income earned on the PSR, DCE and CDE
- 5:80-6.8 Use of DCE and CDE for development of housing
- 5:80-6.9 Additional terms of purchase
- 5:80-6.10 Tax obligations
- 5:80-6.11 Approval and disclosure requirements
- 5:80-6.12 Request for use of escrow funds
- 5:80-6.13 (Reserved)

**SUBCHAPTER 7. TENANT SELECTION STANDARDS**

- 5:80-7.1 Definitions
- 5:80-7.2 General policy
- 5:80-7.3 Screening criteria
- 5:80-7.4 Non-discrimination
- 5:80-7.5 Priorities and preferences
- 5:80-7.6 Limitations on admission of over-income tenants
- 5:80-7.7 Non-immigrant student aliens
- 5:80-7.8 Prohibited conditions for admission

**SUBCHAPTER 8. OCCUPANCY REQUIREMENTS REGARDING INCOME**

- 5:80-8.1 General applicability
- 5:80-8.2 Maximum gross aggregate family income
- 5:80-8.3 Occupancy requirements for housing projects
- 5:80-8.4 Special Multiple Family Unit within housing projects located in municipalities affected by casino gaming
- 5:80-8.5 Recertification of income

**SUBCHAPTER 9. RENTS**

- 5:80-9.1 Purpose
- 5:80-9.2 Applicability

- 5:80-9.3 Rent determination
- 5:80-9.4 Rent increase application
- 5:80-9.5 Additional rent increases in given fiscal year
- 5:80-9.6 Notice to tenants and cooperators
- 5:80-9.7 Agency review
- 5:80-9.8 Rent increases approvable by the Department of Housing and Urban Development
- 5:80-9.9 Increases approved by Agency
- 5:80-9.10 Increase subject to hearing
- 5:80-9.11 Notice of final approval
- 5:80-9.12 Effective date of increase
- 5:80-9.13 Rent increases for low and/or moderate income projects without Federal project-based rent subsidies
- 5:80-9.14 Resident monthly fee increases for low and/or moderate income-restricted units in assisted living residences (ALRs)

**SUBCHAPTER 10. LOANS TO LENDERS FOR SINGLE FAMILY MORTGAGE LOANS**

- 5:80-10.1 Authority
- 5:80-10.2 Requests for loans
- 5:80-10.3 Allocation of loans
- 5:80-10.4 Award of loans
- 5:80-10.5 Interest and other terms of loan
- 5:80-10.6 Collateral for loans
- 5:80-10.7 Application of loan proceeds; restriction as to single family mortgage loans
- 5:80-10.8 Restrictions on return realized by mortgage lenders
- 5:80-10.9 Fees and charges of the Agency; loan account
- 5:80-10.10 Purchase of Agency bonds

**SUBCHAPTERS 11 THROUGH 12. (RESERVED)**

**SUBCHAPTER 13. MAKING OR PURCHASING ELIGIBLE LOANS FOR SINGLE FAMILY MORTGAGES**

- 5:80-13.1 Authority
- 5:80-13.2 Commitment applications
- 5:80-13.3 Allocation of commitments
- 5:80-13.4 Execution of mortgage purchase agreement, mortgage servicing agreement; Term Sheet; Notice of Acceptance
- 5:80-13.5 Eligible neighborhoods
- 5:80-13.6 Limitations on loans
- 5:80-13.7 Regulation of points charged by mortgage sellers
- 5:80-13.8 Refinancing of pre-existing single family mortgage loans
- 5:80-13.9 Purchase of Agency bonds
- 5:80-13.10 Return on equity for eligible loans

**SUBCHAPTER 14. MAKING OR PURCHASING ELIGIBLE LOANS FOR SINGLE FAMILY HOME IMPROVEMENT**

- 5:80-14.1 Commitment applications
- 5:80-14.2 Allocation of commitments
- 5:80-14.3 Execution of note purchase agreement
- 5:80-14.4 Unsecured single family home improvement loans
- 5:80-14.5 Eligibility requirements
- 5:80-14.6 Regulation of points charged by mortgage sellers
- 5:80-14.7 Refinancing of pre-existing debt
- 5:80-14.8 Purchase of Agency bonds

**SUBCHAPTERS 15 THROUGH 16. (RESERVED)**

**SUBCHAPTER 17. PREVAILING WAGES**

- 5:80-17.1 Authority
- 5:80-17.2 Applicability of prevailing wages

**SUBCHAPTER 18. DEBARMENT AND SUSPENSION FROM AGENCY CONTRACTING**

- 5:80-18.1 Definitions
- 5:80-18.2 Causes for debarment of a person(s)
- 5:80-18.3 Conditions affecting the debarment of a person(s)
- 5:80-18.4 Procedures; period of debarment; scope of debarment affecting the debarment of a person(s)
- 5:80-18.5 Causes for suspension of a person(s)
- 5:80-18.6 Conditions for suspension of a person(s)
- 5:80-18.7 Procedures; period of suspension; scope of suspension affecting the suspension of a person(s)
- 5:80-18.8 Prohibited activities of persons; reporting requirement
- 5:80-18.9 Extent of debarment and suspension
- 5:80-18.10 Prior notice by the Agency
- 5:80-18.11 List of debarred and suspended
- 5:80-18.12 Discretion
- 5:80-18.13 Lists of other agencies

**SUBCHAPTER 19. WAIVERS**

- 5:80-19.1 Waivers

**SUBCHAPTER 20. CERTIFICATION AND RECERTIFICATION OF INCOME**

- 5:80-20.1 Authority
- 5:80-20.2 General applicability
- 5:80-20.3 Documentation
- 5:80-20.4 Calculation of income
- 5:80-20.5 Recertification periods and procedures
- 5:80-20.6 Failure to recertify
- 5:80-20.7 Adjustments in tenancy
- 5:80-20.8 Surcharges
- 5:80-20.9 Eviction
- 5:80-20.10 Confidentiality

**SUBCHAPTER 21. TRANSFER OF SERVICING OF SINGLE FAMILY MORTGAGE LOANS**

- 5:80-21.1 General applicability
- 5:80-21.2 Agency review and approval of transfer
- 5:80-21.3 Compensation adjustment due on transfer
- 5:80-21.4 Subsequent transfers
- 5:80-21.5 Termination of servicing by Agency

**SUBCHAPTER 22. AFFIRMATIVE FAIR HOUSING MARKETING**

- 5:80-22.1 Definitions
- 5:80-22.2 Purpose of the Affirmative Fair Housing Marketing Plan
- 5:80-22.3 Who submits a plan
- 5:80-22.4 Plan submission deadlines
- 5:80-22.5 Format of the Affirmative Fair Housing Marketing Plan
- 5:80-22.6 Direction of marketing activity
- 5:80-22.7 Marketing program
- 5:80-22.8 Community contact
- 5:80-22.9 Future marketing activities for rental units only
- 5:80-22.10 Assessment of marketing efforts
- 5:80-22.11 Composition of the prospective occupant pool
- 5:80-22.12 Demographic characteristics of income eligible population in need
- 5:80-22.13 Residency preferences
- 5:80-22.14 Staff experience and instructions for fair housing training
- 5:80-22.15 Other indicators of successful implementation
- 5:80-22.16 Approval of the Affirmative Fair Housing Marketing Plan
- 5:80-22.17 The Management Plan
- 5:80-22.18 Notification of intent to begin marketing
- 5:80-22.19 Preoccupancy conference

## HOUSING AND MORTGAGE FINANCE AGENCY

- 5:80-22.20 Marketing for initial sales or rent-up
- 5:80-22.21 Assessment of the Plan's implementation
- 5:80-22.22 Modification of the approved Affirmative Fair Housing Marketing Plan
- 5:80-22.23 Record keeping and recording requirements
- 5:80-22.24 Future marketing activities for rental projects
- 5:80-22.25 Monitoring

### SUBCHAPTER 23. HOUSING INCENTIVE NOTE PURCHASE PROGRAM

- 5:80-23.1 Authority
- 5:80-23.2 Purpose
- 5:80-23.3 Definitions
- 5:80-23.4 Housing Incentive Note Purchase Fund
- 5:80-23.5 Authority to enter into housing incentive note purchase agreements
- 5:80-23.6 Applications
- 5:80-23.7 Housing incentive note purchase commitment and requirements
- 5:80-23.8 Housing incentive note purchase agreement requirements
- 5:80-23.9 Fees
- 5:80-23.10 No discrimination

### SUBCHAPTER 24. LEASE-PURCHASE PROGRAM AUTHORITY

- 5:80-24.1 Authority
- 5:80-24.2 Purpose
- 5:80-24.3 Definitions
- 5:80-24.4 Authority to enter into purchase agreements
- 5:80-24.5 Purchase agreement requirements
- 5:80-24.6 Application
- 5:80-24.7 Authority to enter into lease-purchase agreements

### SUBCHAPTER 25. (RESERVED)

### SUBCHAPTER 26. HOUSING AFFORDABILITY CONTROLS

- 5:80-26.1 Purpose and applicability
- 5:80-26.2 Definitions
- 5:80-26.3 Affordability average; bedroom distribution
- 5:80-26.4 Occupancy standards
- 5:80-26.5 Control periods for ownership units
- 5:80-26.6 Price restrictions for ownership units
- 5:80-26.7 Buyer income eligibility for ownership units
- 5:80-26.8 Limitations on indebtedness secured by ownership unit; subordination
- 5:80-26.9 Capital improvements to ownership units
- 5:80-26.10 Maintenance of restricted ownership units
- 5:80-26.11 Control periods for rental units
- 5:80-26.12 Restrictions on rents
- 5:80-26.13 Tenant income eligibility
- 5:80-26.14 Administrative agent
- 5:80-26.15 Affirmative marketing
- 5:80-26.16 Household certification and referral; related project information
- 5:80-26.17 Procedures for changing administrative agents
- 5:80-26.18 Enforcement
- 5:80-26.19 Appeals
- 5:80-26.20 Option to buy 95/5 units
- 5:80-26.21 Municipal option on 95/5 units
- 5:80-26.22 State option on 95/5 units
- 5:80-26.23 Non-profit option on 95/5 units
- 5:80-26.24 Seller option on 95/5 units
- 5:80-26.25 Municipal rejection of repayment option on 95/5 units
- 5:80-26.26 Continued application of options to create, rehabilitate or maintain 95/5 units

### APPENDIX A. MANDATORY DEED FORM FOR OWNERSHIP UNITS

### APPENDIX B. MANDATORY DEED FORM FOR OWNERSHIP 95/5 UNITS

### APPENDIX C. RESTRICTIVE COVENANT REQUIRED BY SECTION 5:80-26.5(d)

### APPENDIX D. MANDATORY DEED FORM FOR OWNERSHIP UNITS SUBJECT TO RESTRICTIVE COVENANT REQUIRED BY SECTION 5:80-26.5(d)

### APPENDIX E. MANDATORY DEED RESTRICTION FOR RENTAL PROJECTS

### APPENDIX F. FORM OF RELEASE (Quitclaim Deed) FOR RESTRICTED UNITS

### APPENDIX G. FORM OF NOTE FOR PAYMENT OF RECAPTURE AMOUNT FOR A 95/5 UNIT

### APPENDIX H. FORM OF MORTGAGE SECURING PAYMENT OF RECAPTURE AMOUNT FOR A 95/5 UNIT

### APPENDIX I. FORM OF HAS MUNICIPAL AGREEMENT CONTRACT FOR THE PROVISION OF HOUSING AFFORDABILITY CONTROL SERVICES

### APPENDIX J. FORM OF CERTIFICATE FOR APPLICANTS CERTIFIED TO OWNERSHIP UNIT, REQUIRED BY SECTION 5:80-26.18(c)2

### APPENDIX K. FORM OF CERTIFICATE FOR APPLICANTS CERTIFIED TO RENTAL UNIT, REQUIRED BY SECTION 5:80-26.18(c)2

### APPENDIX L. FORM OF RECAPTURE MORTGAGE NOTE IN FAVOR OF STATE, REQUIRED BY SECTION 5:80-26.5(c)

### APPENDIX M. FORM OF MORTGAGE SECURING PAYMENT OF RECAPTURE NOTE IN FAVOR OF THE STATE, REQUIRED BY SECTION 5:80-26.5(c)

### APPENDIX N. FORM OF RECAPTURE MORTGAGE NOTE IN FAVOR OF MUNICIPALITY, REQUIRED BY SECTION 5:80-26.5(c)

### APPENDIX O. FORM OF MORTGAGE SECURING PAYMENT OF RECAPTURE NOTE IN FAVOR OF THE MUNICIPALITY, REQUIRED BY SECTION 5:80-26.5(c)

### APPENDIX P. FORM OF RECAPTURE MORTGAGE NOTE FOR UHORP AND MONI UNITS, REQUIRED BY SECTION 5:80-26.5(c)

### APPENDIX Q. FORM OF MORTGAGE SECURING PAYMENT OF RECAPTURE NOTE IN FAVOR OF THE AGENCY, REQUIRED BY SECTION 5:80-26.5(c)

### SUBCHAPTER 27. (RESERVED)

### SUBCHAPTER 28. NONPUBLIC RECORDS

- 5:80-28.1 Nonpublic records

### SUBCHAPTER 29. INVESTMENT OF HOUSING PROJECT FUNDS

- 5:80-29.1 Permitted investments
- 5:80-29.2 (Reserved)
- 5:80-29.3 General applicability

### SUBCHAPTER 30. RESIDUAL RECEIPTS

- 5:80-30.1 Definitions

- 5:80-30.2 Uses of residual receipts
- 5:80-30.3 Request for use of residual receipts
- 5:80-30.4 Agency review and approval
- 5:80-30.5 Disbursement of residual receipts

**SUBCHAPTER 31. ATTORNEY SERVICES**

- 5:80-31.1 Applicability
- 5:80-31.2 Scope of services
- 5:80-31.3 Maximum fees
- 5:80-31.4 Agency approval

**SUBCHAPTER 32. HOUSING INVESTMENT SALES**

- 5:80-32.1 Definitions
- 5:80-32.2 Realization of maximum additional return
- 5:80-32.3 Application procedure
- 5:80-32.4 Required documents
- 5:80-32.5 Fee
- 5:80-32.6 Closing
- 5:80-32.7 Developer's fee and return on equity

**APPENDIX EXAMPLE OF APPLICATION OF SUBCHAPTER RULES**

**SUBCHAPTER 33. LOW INCOME HOUSING TAX CREDIT QUALIFIED ALLOCATION PLAN**

- 5:80-33.1 Introduction
- 5:80-33.2 Definitions
- 5:80-33.3 Application cycles
- 5:80-33.4 Family Cycle
- 5:80-33.5 Senior Cycle
- 5:80-33.6 Special Needs Cycle
- 5:80-33.7 Final Cycle
- 5:80-33.8 Reserve
- 5:80-33.9 Volume cap credits
- 5:80-33.10 Application fee schedule
- 5:80-33.11 Cycle deadlines
- 5:80-33.12 Application to a cycle/eligibility requirements
- 5:80-33.13 Application for additional credits
- 5:80-33.14 Scoring and ranking
- 5:80-33.15 Point system for the Family Cycle
- 5:80-33.16 Point system for the Senior Cycle
- 5:80-33.17 Point system for the Special Needs Cycle
- 5:80-33.18 Point system for the Final Cycle
- 5:80-33.19 Tiebreaker system
- 5:80-33.20 Municipal comment
- 5:80-33.21 Application needs analysis
- 5:80-33.22 Committee review and reconsideration process
- 5:80-33.23 Allocation needs analysis
- 5:80-33.24 Reservations, allocations and binding commitments
- 5:80-33.25 Allocation/issuance fee schedule
- 5:80-33.26 Obtaining IRS Form 8609: deadlines and extension fees
- 5:80-33.27 Placed in service needs analysis
- 5:80-33.28 Project cost certification and contractor fee limits
- 5:80-33.29 Extended use agreement
- 5:80-33.30 Returning credits
- 5:80-33.31 Applicant's affirmative obligation to disclose changes
- 5:80-33.32 Compliance monitoring
- 5:80-33.33 Owner's annual reports: deadlines
- 5:80-33.34 NJHMFA review and inspection
- 5:80-33.35 Notification of noncompliance
- 5:80-33.36 Confidentiality of tax credit applications and information
- 5:80-33.37 through 5:80-33.40 (Reserved)

**SUBCHAPTER 1. GENERAL PROVISIONS**

**5:80-1.1 Authority**

These regulations are issued under and pursuant to the authority of the New Jersey Housing and Mortgage Finance Agency Law of 1983 constituting Chapter 530 of the Laws of 1983, N.J.S.A. 55:14K-1 et seq.; specifically N.J.S.A. 55:14K-5(g).

**5:80-1.2 Purpose and objective**

(a) These regulations are established to effectuate and shall be applied to accomplish the general purposes of the New Jersey Housing and Mortgage Finance Agency including:

1. Assuring the availability of rental and owner occupied housing;
2. Stimulating the construction, rehabilitation and improvement of adequate and affordable housing in the State so as to increase the number of housing opportunities for New Jersey residents particularly those of low and moderate income;
3. Enhancing the production capacity of the private sector in meeting the housing needs of residents of New Jersey;
4. Assisting in the revitalization of the State's urban areas; and
5. Responding to changing housing demographic and economic circumstances for the development of innovative and flexible financing vehicles.

**5:80-1.3 General definitions**

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

"Act" shall mean the New Jersey Housing and Mortgage Finance Agency Law, N.J.S.A. 55:14K-1 et seq.

"Assisted living" means a coordinated array of supportive personal and health services, available 24 hours per day, to residents who have been assessed to need these services, including residents who require formal long-term care. Assisted living promotes resident self direction and participation in decisions that emphasize independence, individuality, privacy, dignity, and homelike surroundings.

"Assisted living residence" (ALR) means a housing project which is a facility licensed by the Department of Health and Senior Services to provide apartment-style housing and congregate dining and to assure that assisted living services are available when needed, for four or more adult persons unrelated to the proprietor. Apartment units offer, at a minimum, one unfurnished room, a private bathroom, a kitchenette and a lockable door on the unit entrance.

"Collateral" shall mean with respect to any loan those securities, mortgages or other instruments defined as eligible pursuant to the terms of the Assignment of Collateral and Trust Agreement relating to such loan.

"Collateral requirement" shall mean, as of any date of calculation and with respect to any loan the amount at which collateral securing such loan is required to be maintained pursuant to the terms of the Assignment of Collateral and Trust Agreement relating to such loan.

“Home Improvement Loan Program Commitment” shall mean the aggregate unpaid principal amount of home improvement loans which a mortgage seller offers to deliver and sell to the Agency and the Agency agrees to purchase, such sale and purchase to be made under a Note Purchase Agreement.

“Housing project” or “project” shall mean any work or undertaking other than a continuing care retirement community, whether new construction, improvement, rehabilitation or acquisition of existing buildings or units, which is designed for the primary purpose of providing multi-family rental housing or acquisition of sites for future multi-family rental housing, including an assisted living residence.

“Housing sponsor” shall mean any person, partnership, corporation or association to which the Agency has made or proposes to make a loan, either directly or indirectly through an institutional lender, for a housing project.

“Mortgage Purchase Agreement” shall mean an agreement, entered into between a mortgage seller and the Agency, under which the mortgage seller agrees to deliver and sell to the Agency and the Agency agrees to purchase mortgage loans.

“Mortgage Servicing Agreement” shall mean an agreement entered into between a mortgage seller or other person acceptable to the Agency, under which the mortgage seller or other person agrees to service the mortgage loans purchased by the Agency from such mortgage seller under a Mortgage Purchase Agreement.

“Note Purchase Agreement” shall mean an agreement, entered into between a mortgage seller and the Agency, under which the mortgage seller agrees to deliver and sell to the Agency and the Agency agrees to purchase single family home improvement loans.

“Notice of Acceptance” shall mean the Notice of Acceptance by the Agency to the mortgage seller of an application.

“Primarily residential in character” as set forth in N.J.S.A. 55:14K-3(e) shall mean:

1. With regard to an individual unit, structure, or property, that at least 60 percent of the net sheltered area, not including areas for circulation, utilities and common space, is or will be upon completion of scheduled improvements used exclusively as a residence for one or more persons; or