

Governor Phil Murphy

Governor Murphy Signs Legislation Authorizing Comprehensive Programs to Address Mortgage Distress In New Jersey

03/9/2021

Legislation Authorizes Foreclosure Mitigation Interventions, Including the Bulk-Purchase of Non-Performing Mortgages through HMFMA

TRENTON – Governor Phil Murphy today signed the New Jersey Foreclosure Prevention Act (A5130).

The New Jersey Foreclosure Prevention Act creates the 'New Jersey Residential Foreclosure Prevention Program', implementation of which will be led by the New Jersey Housing and Mortgage Finance Agency (NJHMFA) in furtherance of the agency's commitment to affordable housing ownership and foreclosure mediation. This program empowers NJHMFA to address the rising number of foreclosures in New Jersey, not only helping to stabilize families' home ownership, but their neighborhood as well. By establishing public-private partnerships with nonprofits, NJHMFA will be able to undertake supportive interventions including bulk purchases of non-performing loans from institutional lenders, advancing recommendations set forth in the 2018 Report of the Housing Transition Advisory Committee (https://nj.gov/governor/news/reports/docs/Housing%20Transition%20Report.pdf).

"Combatting housing insecurity in New Jersey is essential during these extraordinarily trying times. We have an obligation to identify new and innovative ways to aid our state's residents in this time of stress," said Governor Murphy. "This bill provides pathways to help more New Jersey homeowners remain in their homes."

Stable housing for New Jersey residents is a focal point of this administration. Prior to this legislation's enactment, Governor Murphy directed NJHMFA in March of 2020 to expand its Foreclosure Mediation Assistance Program (FMAP) to include pre-foreclosure counseling to help homeowners avoid potential foreclosure, and to begin offering counseling assistance to renters. This expanded program has assisted approximately 2,163 families, comprising roughly 1,430 rental households and approximately 500 owner-occupied households.

Stable housing is an economic, health, and community imperative. The New Jersey Foreclosure Prevention Act is designed to help address the impacts of growing housing insecurity, from homeowners in need to communities confronting vacant and abandoned properties. By addressing these intersecting challenges, this legislation is a crucial step toward housing stability for families and communities across our state.

"The New Jersey Foreclosure Act acknowledges and seeks to assist struggling homeowners in New Jersey. It has proven prescient as that need has grown exponentially within the last year," said Lt. Governor Oliver, who serves as New Jersey Department of Community Affairs (DCA) Commissioner and NJHMFA board chair. "This Act and its ensuing programs will work in tandem with the State's existing programs to help prevent our most vulnerable residents from losing their homes."

"This legislation will help New Jersey families keep their homes and ensure that foreclosed properties reenter the homeownership market, stabilizing neighborhoods and helping families become homeowners", said Melanie R. Walter, Executive Director, New Jersey Housing and Mortgage Finance Agency. "It facilitates crucial interventions including expansion of NJHMFA's partnerships with Community Development Financial Institutions, creation of new mortgage products, and establishment of a revenue stream to support housing stabilization in our state."

"New Jersey has made great strides in addressing the previous foreclosure crisis, and we do not want to see history repeat itself when the foreclosure moratorium is eventually lifted," said Senator Singleton. "With the pandemic decimating the economy, countless people around the state are on the brink of losing their homes. Now law, the New Jersey Foreclosure Prevention Act will help to stave off a wave of foreclosures, and more importantly, keep families in their homes."

"New Jersey is in a housing crisis and has been for many years. There are many foreclosed vacant residential properties throughout the state that are undermining the health, safety, and economic vitality of neighborhoods. They depress neighboring property values, reducing revenues for municipalities," said Assembly sponsors Mila Jasey, Verlina Reynolds-Jackson, and Benjie Wimberly. "The New Jersey Residential Foreclosure Prevention Program will assist struggling homeowners facing foreclosure and also help with the redevelopment of currently vacant properties due to foreclosures."

Governor Phil Murphy

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