STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

January 28, 2013

SENATE BILL No. 2202
(First Reprint)

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 2202 (First Reprint) with my recommendations for reconsideration.

It is without question that since 2007, difficult economic times have resulted in an enormous expansion in the number of mortgage foreclosure filings in New Jersey and across the nation. It was in recognition of these challenging economic conditions that in late 2010, as part of the federal Hardest Hit Fund program, New Jersey was allocated approximately $300 million in federal funds to be used over the next seven years as financial assistance to help families pay their mortgages and maintain ownership of their homes.

In an effort to assist those hard-working New Jerseyans facing the daunting prospects of a foreclosure, the New Jersey Housing and Mortgage Finance Agency is utilizing these federal funds to maintain a foreclosure prevention program portfolio. The State's foreclosure prevention program portfolio includes the HomeKeeper Program and will be expanded to include a number of other programs to ensure that, where feasible, assistance will be given to residents to enable them to continue paying their mortgages and maintain ownership of their homes.

Currently, the State's HomeKeeper program provides financial assistance to New Jersey homeowners who have a track record of making their mortgage payments on time but are currently at risk of losing their homes to foreclosure as a direct result of unemployment or underemployment. In addition, the Housing and Mortgage Finance Agency will use the federal funds to create other foreclosure prevention programs that may

include: a principal reduction program to issue grants or loans to homeowners for purposes of reducing first mortgages such that homeowners can refinance or modify the loan to a more affordable level; a program for homeowners participating in a foreclosure mediation program; and a program aimed at assisting homeowners who are in arrears due to a temporary hardship other than under- or unemployment, such as recovering from a natural disaster.

Given the myriad economic challenges that we are presently confronted with, and New Jersey's immediate challenge of recovering from Superstorm Sandy, the State's foreclosure prevention program portfolio would be best served through the continued utilization of the $300 million of federal financial assistance. Moreover, I believe it would be most effective and efficient for the Housing and Mortgage Finance Agency to determine, in its discretion and in coordination with its federal partners, which programs would be the most appropriate vehicles for the delivery of federal assistance to New Jerseyans in need.

Accordingly, I herewith return Senate Bill No. 2202 (First Reprint) and recommend that it be amended as follows:

Page 2, Title, Line 1:	Delete "requiring" and insert "concerning the prevention of foreclosure of residential properties through"
Page 2, Title, Lines 2-4:	Delete in their entirety and insert "Agency's federally funded foreclosure prevention program portfolio."
Page 2, Line 8:	Insert new section 1: "1. This act shall be known and may be cited as the "New Jersey Residential Foreclosure Prevention Act."
Page 2, Section 1, Lines 9-44:	Delete in their entirety

Page 3, Section 1, Lines 1-4:	Delete in their entirety
Page 3, Section 2, Lines 6-47:	Delete in their entirety
Page 4, Section 2, Lines 1-32:	Delete in their entirety
Page 4, Line 33:	Insert new section 2: "2. The New Jersey Housing and Mortgage Finance Agency shall use the 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), to maintain a foreclosure prevention program portfolio. In addition to the New Jersey HomeKeeper program, the New Jersey Housing and Mortgage Finance Agency shall use the federal funds to create other foreclosure prevention programs, upon approval by the United States Department of the Treasury. The foreclosure prevention program portfolio may include, among other programs, a principal reduction program to issue grants or loans to homeowners for purposes of reducing first mortgages such that homeowners can refinance or modify the loan to a more affordable level; a program for homeowners participating in a foreclosure mediation program; and a program aimed at assisting homeowners who are in arrears due to a temporary hardship other than under- or unemployment, such as natural disaster."

Respectfully,

/s/Chris Christie

Governor

[seal]

Attest:

/s/Charles B. McKenna

Chief Counsel to the Governor