

# New Jersey Housing & Mortgage Finance Agency

## Foreclosure Prevention In New Jersey



*Joseph V. Doria, Jr., Commissioner, DCA*

*Marge Della Vecchia, Executive Director, HMFA*



## New Jersey Housing & Mortgage Finance Agency

### Foreclosure Prevention In New Jersey



*Joseph V. Doria, Jr., Commissioner, DCA*  
*Marge Della Vecchia, Executive Director, HMFA*

### Facts and Figures

- The economic crisis is a direct result of the crisis in the housing market. One crisis has led to another but the housing crisis is increasing and needs to be addressed.
- Last month alone, almost 4000 foreclosure complaints were filed in the State according to the NJ Office of Foreclosure.
- As of June 30, 2008, over 134,000 subprime loans were on the books in New Jersey according to the Mortgage Bankers Association's National Delinquency Survey. Of these, 19% were seriously delinquent and over 13.5% were in actual foreclosure.
- The Federal Reserve Bank of NY ranks New Jersey in 5<sup>th</sup> place behind Florida, California, Nevada and Illinois in terms of states with the highest ratio of subprime mortgages in the foreclosure process.
- According to the Pew Charitable Trusts, the cost to NJ's state and local tax base could exceed \$20 billion.

### So what is New Jersey doing to address the crisis?

- There is no silver bullet – we have to be creative and flexible in our response.
- HMFA does not have all the answers but we have created a variety of programs to help New Jersey's troubled homeowners.
- Our initial response – The Homeownership Preservation Refinance Program – was not as successful as we would have liked.

- The trend of making the mortgage payment first, followed by the car loan and credit cards, has reversed. Households are now using their credit cards to stay afloat, are paying their car loans so they can get to work, leaving the mortgage payment as the last payment they may or not make.

#### • Why HPRP was not successful:

- ✓ house values declining below the mortgage loan amount
- ✓ loans originated at higher than 100% LTV or with a second mortgage that can't be subordinated
- ✓ prepayment penalty/closing costs that are prohibitive
- ✓ lack of documented income and/or credit history
- ✓ late mortgage payments of more than 2x30 days or 1x60 days in past 12 months

### A MOVE TO A MORE COMPREHENSIVE APPROACH

- Implementation of the Foreclosure Prevention and Asset Preservation Program (HPAP)
- HPAP provides in-depth credit and foreclosure mitigation counseling to households who are in foreclosure or are in fear of foreclosure
- HMFA partnered with the national non-profit group, *NeighborWorks America*, to train 50 counselors from 15 New Jersey Counseling Agencies, selected through an RFQ process, in foreclosure prevention and asset preservation counseling.

### A MOVE TO A MORE COMPREHENSIVE APPROACH

- The five-day extensive training was completed in April, 2008.
- Upon the successful completion of the training, each counseling agency received \$80,000 in capacity building monies to hire more counselors, conduct outreach etc.



## A MOVE TO A MORE COMPREHENSIVE APPROACH

- Homeowners throughout New Jersey can contact the NJ counseling agencies directly or they may contact the National Foreclosure Hotline: 1-888-995-HOPE, where they will be screened and routed to one of the trained NJ counseling agencies.
- The funding for the capacity building grants is from the HMFA General Fund –there is no taxpayer funding in the Program.

## WHAT ELSE HAS NEW JERSEY DONE?

- HMFA applied for and received a \$1 million grant through the National Foreclosure Mitigation Counseling Program to further support the state's foreclosure prevention counseling efforts.
  - ✓The Grant was through a competitive application process by *NeighborWorks America*.
  - ✓This grant will also be used to pay counselor fees and assist counseling agencies to build capacity.
  - ✓HMFA has applied for additional funding under this program.

## WHAT ELSE HAS NEW JERSEY DONE?

- HMFA has provided an additional source of support for residents under the Mortgage Assistance Program (MAP)
- MAP can provide assistance of up to \$10,000 to homeowners who work with the *NeighborWorks America* trained counselors
- This is "catch-up" funding to bring mortgages current or may be used to successfully refinance or renegotiate the terms of the mortgage.

## NEW INITIATIVES

- The New Jersey Courts will soon be rolling out a Foreclosure Mediation Program to provide homeowners who are in the foreclosure process with an opportunity to pursue mediation with their lender to workout or modify their mortgage.
- Homeowners will be provided with access to a trained housing counselor and, if necessary, an attorney.
- Mediation will be mandatory for homeowners who have contested the foreclosure and voluntary for all other homeowners in the foreclosure process.

## State Legislative Action -- S1599

Legislature is considering a comprehensive bill initiated by Governor Corzine to create new foreclosure prevention programs and increase lender requirements:

- Programs:
  - The Mortgage Stabilization Program
  - The Housing Assistance & Recovery Program
- Requirements:
  - Lender to report to DOBI on each foreclosure notice filed detailing lender's efforts to modify mortgage before initiating foreclosure;
  - Lender to provide copy of "notice of intent to foreclose" to municipality in which property is located – opportunity for Mayor to send foreclosure prevention resources to homeowner;
  - Authority to municipality to correct nuisance violations that Lender fails to correct and go after Lender for payment

## CONSUMER OUTREACH

- HMFA, along with the NJ Department of Banking & Insurance, has participated in workshops across the state in partnership with Mayors, Legislators, faith based organizations and others to get the "Help is Available" message out.
- This event for the City of Trenton involved over 60 volunteers and alerted residents to the growing problem of "Foreclosure Rescue Scams".



## CHALLENGES AHEAD

- Convincing borrowers to reach out for help as soon as possible.
- Convincing borrowers there are alternatives to foreclosure.
- Providing easily accessible information about other social services – LIHEAP; Food Stamps; Homelessness Prevention – HMFA Foreclosure Fact Sheet
- Finding new ways to get the message out that help is available.
  - Billboards
  - Bus Shelters
- Advocate for greater action at the federal level to help troubled homeowners & prevent future abusive lending practices
- Helping residents avoid new threats: "Foreclosure Rescue Scams"
- Turning a "bad situation" into a good outcome by using foreclosed properties as new affordable housing.

## Success Story!

- Sabrina lives in Neptune. She has two children ages 5 and 17; she has been separated from her husband for two years;
- Earlier this year, Sabrina, found out she needed surgery and had to take time off from her job. She couldn't work for two months; while out of work she qualified for \$138 p.w. in disability payments;
- One month before she had the surgery, her husband filed for divorce;
- With all of this upheaval and loss of income, Sabrina fell behind on her mortgage;
- One night while watching T.V. she came across an ad for the nationwide HOPE Hotline – 888-995-HOPE. Sabrina called and was referred to the Affordable Housing Alliance based in Eatontown, NJ.
- AHA tried to get Sabrina into the MAP program but her assets were too low to qualify for the program. Sabrina did not give up. She got a part-time job to boost her income;
- Sabrina got the MAP loan; her mortgage was worked out with her lender and she and her two children got to stay in their home.
- "If it wasn't for the MAP program, me and the kids would be out on the street. Whoever put this program together, God should continue to move their hearts." Sabrina



# FORECLOSURE FAST FACTS

## Homeowners

**The Hope Hotline 1-888-995-HOPE** offers free, confidential help and assistance to homeowners with mortgage problems 24 hours a day / 7 days a week in English and Spanish.

**The New Jersey HOUSING COUNSELING AGENCIES** listed on the back of this sheet have been trained in foreclosure prevention counseling. Residents can call directly to receive assistance.

**The Mortgage Assistance Program** provides funding to homeowners to bring mortgages current or to refinance or renegotiate the terms of the mortgage. Homeowners must work with a counseling agency on the back of this sheet to determine eligibility.

**Anti-Predatory Lending** If you feel you have been taken advantage of or misled by a lender, call Legal Services of New Jersey at 888-576-5529. Legal Services of NJ provides legal representation to low-income New Jersey homeowners. Homeowners regardless of income level may file a complaint with the NJ Department of Banking and Insurance by calling 800-446-7467.

## Renters

You cannot be evicted without notice and without good cause. This is true even when a bank or mortgage lender files an action to foreclose on your rented property because your landlord has not paid the mortgage. If you find yourself facing eviction, call a lawyer. If you cannot afford a lawyer, you may be eligible for Legal Services. Find out by calling 888-576-5529.

If you have been locked out of your home, call the Sheriff's Department in your county. Remember, the landlord or property owner must take you to court before you can be removed from your home.

## Young People

The loss of a home affects every member of the family not just the adults. Governor Corzine recently launched the 2<sup>nd</sup> FLOOR Youth Toll-Free Helpline which lets young New Jerseyans between 10 and 24 years of age call and talk about whatever is on their mind. To speak to a counselor, call 888-222-2228. Parental permission is not needed and all calls are confidential and anonymous.

## Women

**Women's Referral Central** Provides information and referrals to women in New Jersey through a statewide toll-free telephone line. The Hotline provides referrals and basic information in areas such as discrimination, affordable housing, addiction services, domestic violence, employment, legal assistance. Please call 800-322-8092 for further information.

## Veterans

**Counseling Hotline** 866-838-7654

## Homelessness Prevention

NJ Homelessness Prevention Program provides limited financial assistance to low- and moderate-income tenants and homeowners in imminent danger of eviction or foreclosure due to temporary financial problems beyond their control. Funds are used to disburse payments in the forms of loans and grants to landlords and mortgage companies. Please call toll-free 866-889-6270.

## Home Heating Assistance

**NJ SHARES** New Jersey Statewide Heating Assistance and Referral for Energy Services (New Jersey SHARES) is a non-profit organization charged with a mission to provide assistance to individuals and families living in New Jersey who are in need of temporary help in paying their energy bills. Call 1-866-NJSHARES or visit <http://www.njshares.org/whereToApply/index.asp> to find out how to apply.

**The Low Income Home Energy Assistance Program (LIHEAP)** is designed to help low-income families and individuals meet home heating and medically necessary cooling costs. This year, the application period is November 1, 2008 to April 30, 2009.

**The Universal Service Fund (USF)** is a program created by the State of New Jersey to help make natural gas and electric bills more affordable for low-income households. If you are eligible, USF can lower the amount you pay for gas and electricity.

For further information on LIHEAP and the USF or to locate the nearest application agency, call 800-510-3102 or 609-292-6140. Additional information about LIHEAP and USF, including an application, is also available at [www.energyassistance.nj.gov](http://www.energyassistance.nj.gov).

**NJ Weatherization Program** Assists elderly, handicapped and low-income persons in weatherizing their homes, improving their heating system efficiency and conserving energy. Call 609-633-2378 or visit [www.state.nj.us/dca/dcr/forms/wealist.doc](http://www.state.nj.us/dca/dcr/forms/wealist.doc) to find a service provider near you.

## General Assistance

**General Assistance - Call 211.** Call Specialists will provide comprehensive information and referral services to callers about a variety of issues, including:

**Basic Human Needs Resources** food banks, rent assistance, utility assistance

**Support for Seniors and Persons with Disabilities** congregate meals, Meals on Wheels, adult daycare and transportation

**Support for Children, Youth and Families** childcare, after school programs, mentoring, protective services, tutoring

**Physical and Mental Health Resources** health insurance programs, Medicaid and Medicare, maternal health, Children's Health Insurance Program, medical information lines, crisis intervention services

**Employment Supports** financial assistance, job training

# FORECLOSURE FAST FACTS (continued)

## New Jersey Self-Help Clearinghouse

Self-help groups can connect you with others who truly understand. NJ Self-Help Clearinghouse has information on over 4,500 self-help groups for addictions, abuse, health, loss, mental health, disabilities, family and parenting concerns. Services are free and confidential. (800) 367-6274 or (800) 238-2333.

## Statewide Hotlines

<b>Domestic Abuse Hotline</b>	1-800-572-7233
<b>Addiction Hotline</b>	1-800-322-5525
<b>Substance Abuse Hotline</b>	1-609-292-5760
<b>Food Stamp Info Line</b>	1-800-687-9512 or online application available at <a href="http://www.njhelps.org">http://www.njhelps.org</a>

The following is a list of housing counseling agencies in New Jersey who have partnered with the New Jersey Housing and Mortgage Finance Agency and have been specifically trained in foreclosure prevention and asset preservation. These trained counselors can set up a plan of action designed just for you and your situation. They will help you find a solution to your financial problems that will work for you.

<b>A-Home</b> 400 East Main Street Millville NJ 08332 856-293-0100	<b>CCRC of Delaware Valley</b> One Cherry Hill Park Suite 215 Cherry Hill, NJ 08002 215-563-5665	<b>O.C.E.A.N., Inc.</b> 22 Hyers Street Toms River, NJ 08753 732-244-2351 ext. 14	<b>Affordable Housing Alliance of NJ</b> 59 Broad Street Eatontown, NJ 07724 732-389-2958
<b>Faith Fellowship CDC</b> 2707 Main Street Sayreville, NJ 08872 732-727-9500	<b>Puerto Rican Action Board</b> 90 Jersey Avenue PO Box 240 New Brunswick, NJ 08903 732-249-9700	<b>American Credit Alliance, Inc</b> 23 South Warren Street Trenton, NJ 08608 609-393-5400	<b>Isles</b> 619 Greenwood Avenue Trenton, NJ 08609 609-341-4733
<b>Tri-City Peoples Corp.</b> 55 Washington Street East Orange, NJ 07017 973-676-5506	<b>Atlantic Human Resources</b> 1 South New York Avenue Suite 303 Atlantic City, NJ 08401 609-348-4131	<b>NJ Counseling &amp; Housing Development</b> 1840 So. Broadway Camden, NJ 08104 856-541-1000	<b>Tri-County Community Action</b> 110 Cohancey Street Bridgeton, NJ 08302 856-451-6330
<b>Brand New Day</b> 176 First Street Elizabeth, NJ 07206 908-282-0781	<b>NJ Citizen Action</b> 744 Broad Street Newark, NJ 07102 973-643-8800	<b>First Baptist CDC</b> 630 Franklin Blvd, Suite 102 Somerset, NJ 08873 732-247-0444 Ext. 1016	<b>NJ Citizen Action</b> 75 Raritan Avenue, Suite 200 Highland Park, NJ 08904 732-246-4772

The following is a list of county social services agencies where you will be able to access services such as Medicaid, Food Stamps, Child Support, emergency assistance and employment support activities.

<b>Atlantic County</b> P.O. Box 869 1333 Atlantic Avenue Atlantic City, NJ 08401 609-348-3001	<b>Bergen County</b> 216 Route 17 North Rochelle Park, NJ 07662 201-368-4200	<b>Burlington County</b> 795 Woodlane Road Mount Holly, NJ 08060 609-261-1000	<b>Camden County</b> 600 Market Street Camden, NJ 08102 856-225-8800
<b>Cape May County</b> 4005 Route 9 South Rio Grande, NJ 08242 609-886-6200	<b>Cumberland County</b> 13 Northeast Blvd. Vineland, NJ 08360 856-691-460	<b>Essex County</b> 18 Rector St, 9th Floor Newark, NJ 07102 973-733-3000	<b>Gloucester County</b> 400 Hollydell Dr. Sewell, NJ 08080 856-582-9200
<b>Hudson County</b> 2 Enos Place Jersey City, NJ 07306 201-420-3000 201-420-3172	<b>Hunterdon County</b> 6 Gaunt Place Flemington, NJ 08822 908-788-1300	<b>Mercer County</b> 200 Wolverton Street P.O. Box 01450 Trenton, NJ 08650 609-989-4320	<b>Middlesex County</b> 181 How Lane P.O. Box 509 New Brunswick, NJ 08903 732-745-3500
<b>Monmouth County</b> Kozloski Road P.O. Box 3000 Freehold, NJ 07728 732-431-6000	<b>Morris County</b> 340 W. Hanover P.O. Box 900 Morristown, NJ 07963 973-326-7800	<b>Ocean County</b> 1027 Hooper Avenue P.O. Box 547 Toms River, NJ 08754 732-349-1500	<b>Passaic County</b> 80 Hamilton Street Paterson, NJ 07505-2060 973-881-0100
<b>Salem County</b> 147 S. Virginia Avenue Penns Grove, NJ 08069 856-299-7200	<b>Somerset County</b> 73 E. High Street P.O. Box 936 Somerville, NJ 08876 908-526-8800	<b>Sussex County</b> 18 Church Street P.O. Box 218 Newton, NJ 07860 973-383-3600	<b>Union County</b> 342 Westminster Avenue Elizabeth, NJ 07208 908-965-2700 and 200 West 2nd Street Plainfield, NJ 07060 908 - 791-7000
<b>Warren County Courthouse Annex</b> Second and Hardwick Streets 501 Second Street Belvidere, NJ 07823 908-475-6301			



Foreclosure affects more than just you.  
It affects your whole family.

A million families will face losing their homes  
this year. Call today for real help and guidance.  
Because nothing is worse than doing nothing.

1-888-995-HOPE



Jon S. Corzine  
Governor