Relief on the way to homeowners?

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BY ELISE YOUNG

STAFF WRITER / The Record

Homeowners in trouble came closer to a $40 million rescue fund when an Assembly committee in Trenton approved a refinancing bill.

The Mortgage Stabilization and Relief Act, part of Governor Corzine’s $400 million economic-recovery plan, would make assistance available to thousands of New Jerseyans facing foreclosure. It also would allow municipalities to recoup the costs of maintaining vacant, vandalism-prone properties owned by lenders.

The Assembly Appropriations Committee signed off on the bill Monday. The Senate approved its own version last month. But it will take several weeks, at least, for the relief to take hold: Legislators must reconcile different provisions in the two bills and vote in each House, then Corzine must sign off.

As currently written, the bill would provide up to $25,000 in a second-mortgage loan for an owner-occupied dwelling, including a condominium or town house, a single-family detached home or a multifamily structure with up to three units.

The vote came less than a week after Corzine signed a bill directing $63 million to address foreclosures. About $12 million of that, in state funding, will pay for homeowner mediation and counseling through the state Housing and Mortgage Finance Agency. The remaining $51 million from the federal government will be directed to neighborhoods suffering the worst effects of rising subprime mortgage rates.

Lawmakers are considering seven other economic-assistance bills to create jobs, assist businesses and provide tax breaks for seniors.

Foreclosures in New Jersey have increased 75 percent in the 12-month period ending Oct. 30, according to RealtyTrac, which compiles foreclosure statistics. One in 410 New Jersey households received a foreclosure notice in October.

Locally, the numbers are far worse. Passaic County has the state’s highest foreclosure rate, with one in 207 households affected. Bergen County, with one in 368 households entering foreclosure in October, had the seventh-highest rate.

Corzine, whose financial expertise once made him chairman of Goldman Sachs, is endorsing foreclosure relief at the state and federal levels.

On Monday in Washington, he suggested a three- to six-month moratorium on foreclosures and criticized the $700 billion Troubled Asset Relief Program for focusing on lenders, not at-risk homeowners.

“We need a bottom-up approach of modifying people’s mortgages and helping them stay in their homes,” he told an audience of bankers, real-estate agents and others at the National Press Club.

The bill released by the Assembly committee Monday has several contingencies:

The existing mortgage lender would have to agree to refinance.

Homeowners would be subject to income guidelines, to ensure that the new payments still wouldn’t be out of reach. They could not own more than one property when they apply and they must agree to financial counseling.

For seven years after they receive assistance, homeowners could obtain home-equity loans only for emergency repairs.

Washington Correspondent Herb Jackson contributed to this report. E-mail: younge@northjersey.com

Mariam Ozaltin
Research Associate/Political Outreach Coordinator
Kaufman Zita Group, LLC. (KZG)
12 Roszel Road, Suite C-104
Princeton, NJ 08540
(ph) 609-452-9800 (fax) 609-452-9801
www.kaufmanzitagroup.com