

MORTGAGE ASSISTANCE PILOT (MAP) PROGRAM GUIDELINES
New Jersey Housing and Mortgage Finance Agency
Updated April 6, 2009

Program Overview	The Mortgage Assistance Pilot (MAP) program provides temporary financial assistance to income-eligible homeowners who wish to remain in their homes but are in imminent danger of foreclosure due to short-term financial problems beyond their control.
Eligible Applicants	<p>Eligible applicants must be in imminent danger of homelessness due to one of the two following circumstances:</p> <p>(1) the household is experiencing a loss of income for a limited period of time such as temporary unemployment, medical disability or emergency, loss or delay in receipt of other benefits, natural or man-made disaster, or a substantial and permanent change in household composition, and the household is experiencing one of the following:</p> <ul style="list-style-type: none"> ■ is 60 days or more in arrears on mortgage payments, or ■ has been served with a notice of intention to foreclose pursuant to the New Jersey Fair Foreclosure Act, N.J.S.A. 2A:50-53, or ■ has received a comparable notice indicating that a complaint for foreclosure may be filed within thirty days of applying for assistance, or ■ has been served in any legal manner with notice of tax or municipal lien foreclosure including, without limitation, a notice of intent to foreclose pursuant to N.J.S.A. 54:5-97.1, as amended, or ■ has been served with a notice of complaint in foreclosure. <p>(2) the household's mortgage is in default, or is about to become unaffordable to the household within 90 days because the mortgage is inappropriate for the household's size, budget and credit rating and has one or more of the following attributes:</p> <ul style="list-style-type: none"> ■ is an interest-only mortgage with a future interest reset rate ■ contains a payment option plan or a "pick a payment" plan ■ contains a negative amortization schedule ■ is a subprime mortgage ■ has a reset mortgage interest rate that increases the interest rate ■ contains prepayment penalties; or ■ is a high cost home loan as defined under the New Jersey Home Ownership Security Act of 2002.
Maximum Borrower Income Limits	<p>An applicant's income must be less than 120% of the average median income as defined in guidelines published annually by the United States Department of Housing and Urban Development.</p> <p>An applicant must exhaust all other available financial resources first before qualifying for assistance. No household shall be eligible for assistance in the event of initiated or ongoing bankruptcy proceedings.</p>
Eligible Property	The applicant must own and occupy a single family, one-unit home (an attached or detached house or a condominium unit) or a two-family home or a three-family home located in New Jersey and must have resided in the home as a primary residence for at least one year prior to applying for assistance. The applicant is not permitted to own other real estate at the time of application.
Mortgage Loan Terms and Repayment	<p>All assistance shall be in the form of a loan secured by a mortgage that may take any lien position on the home.</p> <p>This mortgage loan shall require no monthly payments. The full principal amount shall be due and payable upon the sale <u>or</u> upon the transfer <u>or</u> upon the cash-out refinance of the property <u>or</u> if the applicant ceases to occupy the property as his/her primary residence.</p>
Maximum Mortgage Loan Amount	<p>The maximum mortgage loan amount shall be \$20,000.</p> <p>The applicant's total debt-to-income ratio post-intervention may not exceed 50% of gross monthly income (the Agency will consider 60% max only if there is evidence an applicant can support higher levels of debt).</p>
Mortgage Loan Interest Rate	The mortgage loan shall carry a zero-percent (0%) interest rate.
Maximum Period of Assistance	The applicant must show evidence of the ability to resume paying housing costs at the end of the assistance period.
Counseling	Applicants must participate in a budget counseling session(s) approved by the Agency.

MORTGAGE STABILIZATION PROGRAM (MSP) GUIDELINES
New Jersey Housing and Mortgage Finance Agency
Dated April 6, 2009

Program Overview	The Mortgage Stabilization Program (MSP) provides financing that encourages home mortgage lenders to help eligible homeowners in imminent danger of foreclosure by modifying or refinancing their mortgage loans so that resulting monthly payments are affordable and sustainable.
Eligible Homeowners	Eligible homeowners must be in imminent danger of losing their homes as a result of having a first mortgage loan payment (the total of principal, interest, taxes, insurance and homeowners association fee or condominium fee) that exceeds, or will exceed upon the next reset, 33% of gross monthly household income OR, if applicable, the percentage required for FHA or other governmental or private first mortgage insurance.
Maximum Eligible Homeowner Income Limits	An eligible homeowner's income must not exceed 120% of the area median income as defined in guidelines published annually by the United States Department of Housing and Urban Development OR must not exceed the NJ Housing and Mortgage Finance Agency's Mortgage Revenue Bond program income limits, whichever is greater. An eligible homeowner must exhaust all other reasonably available financial resources first before qualifying for assistance.
Eligible Property	An eligible homeowner must own and occupy in New Jersey a single family, one-unit home (an attached, semi-detached, or detached house or a condominium unit) or an owner-occupied two-unit or three-unit home and must have resided in the home as a primary residence for at least one year prior to applying for assistance. The homeowner is not permitted to own other real estate at the time of application.
Eligible Lenders	An eligible lender is any lawfully constituted mortgage lender, mortgage investor or mortgage loan servicer that owns and is willing to refinance or is authorized to negotiate the terms of the eligible applicant's mortgage. Lender participation is voluntary.
Eligible First Mortgage Loans	MSP assistance is available when an eligible lender modifies or refinances the eligible homeowner's existing first mortgage loan so that the new first mortgage loan amount: <ul style="list-style-type: none"> ■ is less than the current appraised value of the home ■ results in a monthly first mortgage loan payment (the total of principal, interest, taxes, insurance and homeowners association fee or condominium fee) that does not exceed 33% of the eligible homeowner's gross monthly household income OR the applicable percentage required for FHA or other governmental or private first mortgage insurance, whichever is greater, AND
MSP Second Mortgage Loans	Once any interest rate, term and principal balance reduction decisions for the modified or refinanced first mortgage loan are determined, the program shall provide a non-amortizing (no monthly payment) second mortgage loan in an amount equal to not more than 1/2 of the difference between the new first mortgage loan amount and the current appraised value of the home or the current outstanding principal balance of the existing mortgage loan, whichever is less. The MSP loan is capped at \$25,000 and the proceeds of the loan shall be provided to the lender holding the mortgage that is being modified or refinanced. The eligible lender would also provide a non-amortizing (no monthly payment) loan sharing co-equal second mortgage position with the MSP loan. The eligible lender's loan amount must equal at least 1/2 of the difference between the new first mortgage loan and the current appraised value of the home or the current outstanding principal balance of the existing mortgage loan, whichever is less.
MSP interest Rate and Term	The MSP second mortgage loan and the eligible lender's second mortgage loan shall each have an interest rate and a term identical to the interest rate and term of the modified or refinanced first mortgage loan, and the second mortgages and the modified first mortgage will be co-terminus.
MSP Loan Repayment	The MSP second mortgage loan and the eligible lender's second mortgage loan may be prepaid at any time without penalty and shall be repaid on a proportional basis by the homeowner out of the net sale proceeds from the sale of the home. Refinances will not be permitted except for Agency-approved emergency repairs or unless the Agency and lender mortgages are repaid in full. Payments made towards MSP second mortgage loans shall be deposited into a Mortgage Stabilization Program Fund.
Maximum Debt-to-Income Ratio	The eligible homeowner's maximum total debt-to-income ratio post-intervention should not exceed 50% of gross household monthly income (or up to 60% if there is evidence the homeowner can support this). Notwithstanding, this ratio will be further subject to FHA or other governmental or private mortgage insurance limitations if applicable.
Subordinated Debt	If the eligible homeowner has existing subordinated mortgage loan(s) held by one or more entities, they must agree to take subordinated mortgage position(s) behind the MSP's and the eligible lender's second mortgages. Notwithstanding, the MSP program and/or the eligible lender may, at their discretion, use their second mortgage loan financing per these guidelines to help satisfy subordinated debt. MSP financing may be made in coordination with the Agency's Mortgage Assistance Pilot (MAP) loans when additional funds are needed to reduce the eligible homeowner's new first mortgage loan payment or to help cover transactional or other related costs.
Counseling	Eligible homeowners must participate in a budget counseling session(s) approved by the Agency.

	NJHMFA'S MORTGAGE ASSISTANCE PILOT PROGRAM (MAP)	NJHMFA'S MORTGAGE STABILIZATION PROGRAM (MSP)	U.S. TREASURY'S HOME AFFORDABLE MODIFICATION PROGRAM
Goal of Program	The program provides assistance that covers back-due mortgage payments and/or back due property taxes/water/sewer/condo association fees for eligible homeowners in imminent danger of foreclosure due to short-term problems beyond their control.	The program provides assistance that encourages all lenders to modify/refinance eligible mortgage loans so as to produce affordable monthly payments for eligible homeowners in imminent danger of mortgage loan foreclosure.	The program provides assistance that encourages all lenders to modify/refinance eligible mortgage loans so as to produce affordable monthly payments for eligible homeowners in imminent danger of mortgage loan foreclosure.
Basic Homeowner Eligibility	<p>Must be an owner-occupant of 1-3 unit primary-residence property.</p> <p>Must have a maximum income that does not exceed 120% of the area median income (AMI) as defined in guidelines published annually by HUD.</p> <p>[There is no specific MAP requirement regarding the homeowner's housing expense payment]</p> <p>After receiving MAP assistance, the homeowner's total debt payment (consisting of monthly mortgage principal, interest, taxes, insurance and installment/revolving debt) should be less than or equal to 50% of the homeowner's gross monthly income (a max of 60% is allowed if the homeowner has a history of supporting such debt levels).</p> <p>Must not initiate nor have an ongoing bankruptcy at time of application.</p>	<p>Must be an owner-occupant of 1-3 unit primary-residence property.</p> <p>Must have a maximum income that does not exceed 120% AMI or the NJMHFA mortgage bond program income limits, whichever is greater.</p> <p>Must have an existing housing expense payment consisting of principal, interest, taxes and insurance (PITI) that is greater than 33% of the homeowner's gross household income or, if applicable, the percentage required for governmental or private mortgage insurance.</p> <p>After receiving MSP assistance, the homeowner's total debt payment (consisting of monthly mortgage principal, interest, taxes, insurance and installment/revolving debt) should be less than or equal to 50% of the homeowner's gross monthly income (a max of 60% is allowed if the homeowner has a history of supporting such debt levels).</p> <p>Must not initiate nor have an ongoing bankruptcy at time of application.</p>	<p>Must be an owner-occupant of 1-4 unit primary-residence property.</p> <p>There are no income limits, but must have an unpaid principal balance equal to or less than \$729,000 for 1-unit properties (higher limits for 2-4 unit properties).</p> <p>Must have an existing housing expense payment consisting of principal, interest, taxes and insurance (PITI) that is greater than 31% of the homeowner's gross household income.</p> <p>Homeowners with a 55% or greater total debt-to-income ratio must agree to seek housing counseling before any federal assistance may be rendered.</p> <p>Homeowners in bankruptcy are not automatically eliminated from consideration.</p>

HOUSING ASSISTANCE AND RECOVERY PROGRAM (HARP) PROGRAM GUIDELINES

New Jersey Housing and Mortgage Finance Agency

April 14, 2009

Program Overview	The Housing Assistance and Recovery Program (HARP) provides assistance to eligible nonprofit or public sponsors who acquire and leaseback the homes of income-eligible, financially-counseled homeowners in imminent danger of foreclosure and arrange for the homeowners to repurchase their homes at affordable prices in accordance with the HARP enabling legislation.
Eligible Sponsor	<p>An eligible sponsor is a nonprofit community development corporation, nonprofit housing counseling organization or a public entity such as a municipality, county, or a municipal or county authority that has been certified by the Commissioner of the New Jersey Department of Community Affairs (DCA) as eligible to participate in HARP. The sponsor must have prior experience with negotiating mortgage debt reduction from lenders and purchasing distressed properties. The sponsor must also receive a commitment from a regulated financial institution or a government entity for a line of credit or other financing mechanism to purchase properties in conjunction with HARP.</p> <p>DCA shall notify the Agency in the event a sponsor fails to maintain compliance with the department’s certification process.</p>
Eligible Homeowner	<p>An eligible homeowner must own and occupy an eligible home for at least one year prior to applying for the sponsor’s HARP assistance and must be in imminent danger of foreclosure. The homeowner must be an individual or individuals. Corporations and partnerships and other similar legal entities are not eligible homeowners.</p> <p>Imminent danger of foreclosure may be characterized by the following circumstances:</p> <p>(1) the household is experiencing or has experienced a loss of income for a limited period of time such as temporary unemployment, medical disability or emergency, loss or delay in receipt of other benefits, natural or man-made disaster, or a substantial and permanent change in household composition, and the household is experiencing one of the following:</p> <ul style="list-style-type: none"> ■ is 30 days or more in arrears on mortgage payments, or ■ has been served with a notice of intention to foreclose pursuant to the New Jersey Fair Foreclosure Act, N.J.S.A. 2A:50-53, or ■ has received a comparable notice indicating that a complaint for foreclosure may be filed within thirty days of applying for assistance, or ■ has been served in any legal manner with notice of tax or municipal lien foreclosure including, without limitation, a notice of intent to foreclose pursuant to N.J.S.A. 54:5-97.1, as amended, or has been served with a notice of complaint in foreclosure. <p>(2) the household’s mortgage(s) is in default, or is about to become unaffordable to the household within 90 days because the mortgage is inappropriate for the household’s size, budget and credit rating, is a nontraditional loan and has one or more of the following attributes:</p> <ul style="list-style-type: none"> ■ is an interest-only mortgage with a future interest reset rate ■ contains a payment option plan or a “pick a payment” or “option ARM” plan ■ contains a negative amortization schedule ■ is a subprime mortgage ■ is a predatory loan ■ has a reset mortgage interest rate that increases the interest rate or is otherwise unaffordable ■ contains prepayment penalties; or is a high cost home loan as defined under the New Jersey Home Ownership Security Act of 2002.
Maximum Homeowner Income Limits	<p>An eligible homeowner’s income must be less than 120% of the area median income as defined for New Jersey in guidelines published annually by the United States Department of Housing and Urban Development OR must not exceed the New Jersey Housing and Mortgage Finance Agency’s Mortgage Revenue Bond Program income limits, whichever is greater.</p> <p>An applicant must exhaust available financial resources first before qualifying for assistance. No household shall be eligible for assistance in the event of open and ongoing bankruptcy proceedings.</p>
Eligible Home	<p>An eligible home must be owner-occupied and must be a single family, one-unit home (an attached or detached house or a condominium unit) or a two-family home or a three-family home located in New Jersey. The homeowner is not permitted to own other real estate by the time the lease-purchase agreement is executed in accordance with these program guidelines.</p> <p>All units in the home must be habitable or be made habitable so as to be in compliance with applicable life safety /housing codes and standards.</p>
Eligible Sponsor Requirements	<p>An eligible sponsor must adhere to all Agency requirements for HARP participation, including the following:</p> <ul style="list-style-type: none"> ■ employ trained foreclosure prevention and default mitigation counselors or contract with a U.S. Department of Housing and Urban Development (HUD)-certified housing counseling agency that employs trained foreclosure prevention and default mitigation counselors. <ul style="list-style-type: none"> ▪ a trained foreclosure prevention and default mitigation counselor is a housing counselor employed by a HUD-certified housing counseling agency and has successfully completed a foreclosure prevention and default mitigation training course provided by a nationally-recognized homeownership education and counseling organization such as “Foreclosure Intervention and Default Counseling Certification Part I” provided by the NeighborWorks America Center for Homeownership Education and Counseling; ▪ a HUD-certified housing counseling agency is a community-based nonprofit organization that has an IRS 501(c)(3) designation and has been certified by HUD as being experienced in housing counseling for at least one year prior to receiving certification;

	<ul style="list-style-type: none"> ■ provide counseling to an eligible homeowner including an assessment of income/expenses and credit history before, during and after the leaseback period and provide contact information for legal services programs within the county where the eligible home is located; ■ receive a commitment from a regulated financial institution or a government entity for acquisition financing that will be used to fund the sponsor's purchase of the homeowner's property in conjunction with HARP. ■ inspect and assess the home to ensure its compliance with applicable life safety/housing codes, and prepare a work write-up and cost estimates as needed; ■ ensure that an independent appraisal is conducted on the property in accordance with these program guidelines; ■ evaluate homeowner's household income for program qualification and evaluate expenses, including those obtained from current credit reports and other documentation. The homeowner's total debt-to-income ratio at the time of lease-purchase should not exceed 50% of gross monthly income, though up to 60% may be considered if there is evidence the homeowner can support higher levels of debt or is likely to pay down debt within a short period of time; ■ screen and assess the ability of the homeowner to sustain an affordable lease-purchase (rental) payment in accordance with these guidelines; ■ determine the appropriate affordable target price for sale of the home to the homeowner at the end of the lease-purchase period in accordance with these guidelines and determine the homeowner's likelihood of obtaining a mortgage; ■ negotiate with the homeowner's existing mortgage lender(s) for reduction of existing mortgage debt to an amount(s) at or below the current appraised value of the home. This reduced debt amount should approximate the mortgage amount that would reasonably support the appropriate price for sale of the home to the homeowner at the end of the lease-purchase period. It shall also be used to help determine the sponsor's offering price for the home; ■ close on the acquisition financing, to be used to purchase the homeowner's home for the approved offering price. ■ close on the Agency's HARP loan to cover any appropriate costs by the sponsor in accordance with these guidelines; ■ execute a lease-purchase agreement with the homeowner; ■ at the end of the lease-purchase period, sell the property back to the original homeowner or other member of the household, as defined in the lease-purchase requirements of these guidelines. This amount should equal the price that is paid by the sponsor to purchase the property from the homeowner (plus any reasonable, documented sponsor-paid repair and maintenance costs, if applicable).
<p>HARP Mortgage Loan Terms and Repayment</p>	<p>All HARP assistance shall be provided to an eligible sponsor in the form of a loan secured by a subordinated mortgage on the home purchased by the sponsor.</p> <p>This mortgage loan shall carry a zero percent (0%) interest rate with a term that matches the lease-purchase period or 36 months, whichever is less, and the loan shall require no monthly payments. The principal amount of the HARP mortgage loan shall be discharged in full at the time the home is sold back to the original homeowner per the terms and conditions of the lease-purchase agreement.</p> <p>If the home is not sold back to the original homeowner for any reason per the terms and conditions of the lease-purchase agreement, the principal amount of the HARP mortgage loan shall remain as a lien on the home and shall be payable from net sales proceeds upon the sponsor's sale of the home. Cash-out refinances by the sponsor shall not be permitted unless the HARP mortgage loan is repaid in full.</p>
<p>Eligible and Ineligible Uses of the HARP Loan Proceeds</p>	<p>Eligible uses of HARP mortgage loan funds are the following:</p> <ul style="list-style-type: none"> ■ to reimburse the sponsor for the costs of an independent appraisal of the eligible home. The appraisal may be ordered by the lender that is providing property acquisition funds to the sponsor (or may be ordered, if necessary, by the Agency), but in no event shall the appraisal be older than 6 months from the date of the sponsor's purchase of the home. The appraiser must be licensed in New Jersey and provide an appraisal that conforms to the Uniform Standards of Professional Appraisal Practice (USPAP); ■ to provide, as a "gap" incentive, a payment to the homeowner's existing mortgage lender or lenders to cover the difference between the sponsor's affordable purchase price for the home and the lesser of the home's appraised value or the home's existing mortgage loan debt. The payment may not exceed \$25,000 for each home. ■ to pay for the inspection of the home and any needed work write-up/drawings, etc. for housing code-required repairs; ■ to cover the costs of any immediate repairs to the home for the sole purpose of ensuring the property's compliance with applicable life safety/housing codes; ■ to provide a reserve fund that shall pay for unanticipated property maintenance and holding costs (taxes, insurance, etc.) that are not covered by the lease-purchase rental payment; ■ to pay an administrative fee to the sponsor to cover costs associated with the homeowner's application for assistance and for providing homeowner counseling and property management before and during the lease-purchase period. The amount of \$10,000 shall be paid to the sponsor at closing and an additional \$2,000 fee shall be paid at the end of the first year of the lease-purchase term. If the lease-purchase term exceeds 12 months, the admin fee of \$2,000 shall also be paid at the end of the second year of the lease-purchase term; ■ to provide funds needed to cover reasonable homeowner and sponsor closing costs when the sponsor purchases the home; ■ to cover the costs of any other activity the Agency deems necessary to effectuate the purposes of the program. <p>The purchase of real property is an ineligible use of HARP mortgage loan funds. The sponsor must obtain financing from other sources to acquire the eligible home.</p>
<p>Determining the Sponsor's Purchase Price for the Home</p>	<p>The appropriate purchase price to be paid by the sponsor to the homeowner for the eligible home must be determined after considering the amount of the projected homeowner's downpayment and mortgage debt that could be reasonably required of and supported by the homeowner when the home is purchased back from the sponsor at the end of the lease-purchase period.</p>
<p>Lease-Purchase Agreement</p>	<p>In conjunction with the sponsor's purchase of the eligible home, the sponsor and homeowner shall execute a lease-purchase agreement in accordance with the following:</p> <ul style="list-style-type: none"> ■ the lease-purchase agreement shall mean a use and occupancy agreement approved by the Agency whereby the sponsor acquires title to the homeowner's property and agrees to permit this former homeowner to use and occupy the property for a period not to exceed 36 months at an affordable rent; ■ the lease-purchase agreement enables the homeowner and other members of the household who reside with the homeowner at the time the lease-purchase agreement is executed to continue to live in the property during the term of the agreement in

	<ul style="list-style-type: none"> ■ exchange for an affordable rent and savings escrow payment determined in accordance with these guidelines; ■ includes the terms and conditions under which the property is to be maintained during the lease-purchase period ■ includes the terms and conditions under which the sponsor shall sell the property back to the homeowner upon the expiration of the lease-purchase agreement, including a provision that the property shall be sold to the homeowner or to an eligible member(s) of the household at a price not to exceed the price at which the sponsor purchased the property (plus any reasonable, documented sponsor-paid repair and maintenance costs, if applicable). An eligible member of the household is an individual(s) who resided with the homeowner at the time the lease-purchase agreement was executed and continues to reside with the homeowner at the time the agreement of sale is executed.
<p>Determining the Amount of the Lease-Purchase Monthly Rent Payment and Monthly Savings Escrow</p>	<p>The total lease-purchase rent payment must not exceed 33% of the household’s monthly average gross income. It must also be calculated so as to equal, at a minimum, an amount that includes any projected monthly savings required to help accumulate an appropriate down payment for the purchase of the home <u>plus</u> the following costs that the lease-purchaser is expected to afford once the home is purchased at the end of the lease-purchase term (PITI costs):</p> <ul style="list-style-type: none"> ■ the projected monthly principal and interest payment for a first mortgage loan needed to support the price the sponsor paid for the home ■ the projected monthly property taxes ■ the projected monthly homeowner’s insurance premium; ■ any projected monthly homeowners association or condominium fee, if applicable. <p>A monthly savings escrow amount may be paid in addition to the lease-purchase monthly rent payment and would be determined by calculating the monthly amount needed to accumulate savings equal to 3 months of PITI costs by the end of the lease-purchase term.</p>
<p>Determining the Sponsor’s Projected Sale Price of the Home to the Lease-Purchaser</p>	<p>The sales price to be paid by the lease-purchaser to the sponsor for the home must not exceed the purchase price paid by the sponsor for the home (plus any reasonable, documented sponsor-paid repair and maintenance costs, if applicable).</p>
<p>Agency Program Monitoring and Reporting Requirements</p>	<p>The Agency shall conduct a quarterly audit of all funds received and expended for HARP.</p> <p>In addition, the Agency shall issue an annual report at the end of the State fiscal year detailing the result of the quarterly audits for the prior State fiscal year. The annual report shall be completed no more than 60 days after the end of the State fiscal year. The annual report shall be provided to the DCA Commissioner and the NJ State Legislature and made available to the public on the DCA website.</p>