



Charles A. Richman
Acting Chairman

Marge Della Vecchia
Executive Director

August 20, 2009

In accordance with Executive Order 37 issued by Governor Jon S. Corzine on September 26, 2006, the New Jersey Housing and Mortgage Finance Agency's 2008 Annual Report also serves as the comprehensive report of the Agency's operations. This report highlights the significant action of the Agency for the year, including the degree of success the HMFA had in promoting the State's economic growth strategies and other policies through our programs to support and provide affordable housing in New Jersey.

The report of independent auditors, Ernst & Young LLP, dated June 29, 2009, is attached and completes the HMFA's requirements concerning the preparation of a comprehensive report required by Executive Order No. 37.

In addition, I certify that during 2008, the HMFA has to the best of my knowledge, followed all for the Agency's standards, procedures and internal controls.

Sincerely,

A handwritten signature in black ink that reads "Marge Della Vecchia". The signature is written in a cursive, flowing style.

Marge DellaVecchia
Executive Director

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY

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NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY



The Cracker Factory | Trenton, New Jersey

FY|2008 ANNUAL REPORT

BUILDING NEIGHBORHOODS ONE HOME AT A TIME

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A LETTER FROM THE GOVERNOR OF NEW JERSEY, JON S. CORZINE

By any measure, 2008 was a difficult year for many of our neighbors here in New Jersey. Many worried about losing their jobs and their homes in the midst of a global recession that continues to rattle the state, nation and world. For some, their fears became reality. Yet, even in these trying economic times, the State of New Jersey remains committed to strengthening neighborhoods and helping hardworking residents obtain safe and affordable housing. As it has since its inception in 1967, the New Jersey Housing and Mortgage Finance Agency (HMFA) continues to play a key role in achieving these goals because it recognizes that affordable housing is essential to a healthy economy.

Despite the economic downturn, the HMFA – in partnership with the New Jersey Department of Community Affairs – committed financing to create and preserve close to 2,400 affordable housing units. These units will help New Jersey residents who are struggling now more than ever to make ends meet, including people with special needs. The HMFA also provided financing to help 2,400 families become homeowners, and added Live Where You Work to its portfolio of innovative programs in 2008. The housing initiative provides low-interest, fixed rate mortgage loans to homebuyers who purchase homes in towns where they are employed. Aside from making housing more affordable, Live Where You Work aspires to reduce the need for cars, increase the use of alternative transportation, and create a citizenry that's personally and professionally invested in the future success of the places where they live and work.

In addition to creating new housing opportunities for people around the state, the HMFA has also worked hard to keep distressed homeowners in their homes. It administers the Mortgage Stabilization Program and Housing Assistance and Recovery Program, two initiatives that are central to the state's efforts to help people facing foreclosure. Last year, it developed the Mortgage Assistance Pilot Program to provide quick, temporary aid to homeowners in imminent danger of losing their homes because of difficulties like a layoff or medical emergency. The HMFA is also busy training certified housing counselors on how to help homeowners access the New Jersey Judiciary's Foreclosure Mediation Program, which is focused on finding mortgage compromises that work for both the homeowner and the lender.

Without a doubt, the HMFA has helped make New Jersey a national leader in housing policy. Its leaders understand that for New Jersey to emerge from this recession ready to capitalize on new opportunities, the state must offer a wide range of housing options that are within close proximity to jobs and public transportation.

The entire HMFA staff and board are to be commended on yet another outstanding year of accomplishment. By continuing to work with municipalities, nonprofit organizations, developers and residents, there is no doubt the HMFA will make a real difference in the lives of people and communities across New Jersey.

Sincerely,



Jon S. Corzine, Governor



Jon S. Corzine
Governor, State of New Jersey

HMFA CLOSES RECORD NUMBER OF AFFORDABLE HOUSING DEVELOPMENTS IN 2008 DESPITE TOUGH ECONOMIC TIMES

by Marge Della Vecchia, NJHMFA Executive Director & Department of Community Affairs Commissioner, Joseph V. Doria, Jr.

Tough economic times didn't stop the New Jersey Housing and Mortgage Finance Agency (HMFA) from financing a record number of affordable housing developments in 2008. On the contrary, it made the agency more determined to provide the state's hardworking individuals and families with good, safe housing.

One such affordable housing project the HMFA helped finance in 2008 is The Toy Factory Apartments in Jersey City, Hudson County. Developers took a toy factory that had been vacant for 10 years in the city's Greenville section and converted it into a multi-family complex of 46 apartments that feature oversized rooms, high ceilings, spectacular views, wood floors and Energy Star appliances. The building promises to be a key component in the neighborhood's enhancement.

Other examples of developments the agency helped fund last year include Buena Gardens Senior Apartments, a 78-unit senior citizen apartment complex in Buena Borough, Atlantic County, that offers a variety of social services to its residents, and Creekside, a 32-unit townhouse apartment community in Medford, Burlington County, that boasts a laundry list of amenities like balconies and full kitchen appliance packages.

The HMFA has not rested on its accomplishments but has striven year after year to increase its productivity and its value as a central resource for affordable housing development in the state. This steadfast dedication to the affordable housing mission will continue in 2009, a year in which the HMFA looks forward to overcoming looming economic obstacles to provide New Jersey residents with even more affordable homes.

To reach its goal, the HMFA will continue to finance a variety of projects for rental, special needs, and homeownership housing in urban, suburban and rural communities throughout the state. Last year, for example, the agency funded 1,360 affordable rental housing units for families, 935 units for senior citizens, and 230 units for people with such special needs as homelessness, mental illness, developmental disabilities and visual impairments. Through the work of the HMFA, another 819 affordable units were either protected from losing their affordability controls or renovated after decades of operation. Additionally, the agency invested over \$36 million under its CHOICE Program in 2008 to help develop more than 270 newly constructed and significantly rehabilitated homeownership units in New Jersey. The CHOICE Program offers subsidy funding and below-market interest rate loans for developers who build in the state's emerging market and smart growth areas.

The agency also supports affordable housing through its mortgage and "Live Where You Work" programs. Last year, the HMFA invested more than \$326 million to purchase a record 1,801 single-family mortgages for first-time homebuyers. The agency also administered the purchase of 1,320 mortgages through its Police and Fire Mortgage Program, amounting to more than \$384 million in loans. The numbers illustrate how strong the demand is in New Jersey for good quality, sustainable mortgages.

The HMFA established "Live Where You Work," a home mortgage incentive program that provides low-interest, fixed rate loans to homebuyers who purchase homes in the towns where they are employed, because it understands housing is essential

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HMFA CLOSES RECORD NUMBER OF AFFORDABLE HOUSING DEVELOPMENTS IN 2008 DESPITE TOUGH ECONOMIC TIMES

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to creating strong and healthy communities. Aside from making housing more affordable, the program is an antidote to such challenging issues as: rising pollution, increased commuting costs and declining civic investment and participation in communities. Since the initiative's launch last spring, Trenton, Jersey City, Woodbridge, Elizabeth, Rahway, Atlantic City, Morristown and Evesham, Neptune Township, Bayonne and Carteret have formally entered the program. The agency and DCA commend these towns and encourage more to participate.

To learn more about these and other HMFA programs, please log on to <http://www.nj-hmfa.com> or call 609-278-7400.

The NJ Housing & Mortgage Finance Agency is dedicated to increasing the availability of and accessibility to safe, decent and affordable housing to families in New Jersey.

Marge DellaVecchia *Joseph V. Doria, Jr.*



Joseph V. Doria, Jr.
DCA, Commissioner



Marge DellaVecchia
HMFA, Executive Director



Artist rendering of the Cracker Factory

THE CRACKER FACTORY

ADAPTIVE/REUSE



The Cracker Factory, built in 1847, is the site of the creation of the world's first oyster cracker. Within the past two decades, its function has been much less notable, serving as a deteriorating surplus storage warehouse. It was however not difficult to visualize the potential for housing in this unique structure, with its interesting history and convenient urban location. The Cracker Factory is being converted into 18 one, two and three bedroom lofts with gardens, terraces and garages. The Cracker Factory is one phase of a larger project known as "Trenton Ferry," which will involve the rehabilitation of historic structures into 29 new homes in the City of Trenton.



LINDEN LAKE SENIOR HOUSING

GREEN BUILDING



Linden Lakes, is an 82-unit senior citizen affordable housing development located on 14 acres adjacent to Linden Lake, which borders the Borough of Gibbsboro. Located on a former brownfields site, the project was part of the state's Brownfield Cleanup Program. The project's developers, Conifer Realty LLC, worked with HMFA's Green Homes Office to certify the project as ENERGY STAR. The project integrates energy efficient, green features such as solar photovoltaic panels, solar hot water heating, recycling of construction debris, the planting of drought tolerant trees and landscaping and the installation of energy efficient appliances. As a result of these energy saving features, the development expects to save 30% on energy costs, generating a potential \$30,000 in savings each year. The solar panels generate enough energy to meet 50% of the power needed to service the building's common areas. In addition, the solar thermal hot water system that preheats the building's water is so efficient that the building's gas-fired boilers have not been fired since they went online in May of 2008. These savings are passed on to the residents – with each tenant expected to save 30% on their utility bills!



NEWARK GENESIS

SPECIAL NEEDS TRUST FUND



Newark Genesis Apartments, is located in Newark’s North Ward and will include 51 affordable family apartments, in addition to 15 apartments for persons living with AIDS. The nonprofit developer, HELP USA, is partnering with Broadway House to provide supportive housing to the individuals living with HIV/AIDS. Broadway House, a continuing care organization in the North Ward, has been serving residents of Newark with HIV/AIDS for more than a decade.

HMFA and DCA are providing over \$5 million in financing, which includes \$1.5 million from the Special Needs Housing Trust Fund. Federal Low-Income Housing Tax Credits will generate more than \$7.5 million in private equity. Additionally, New Jersey rock musician, Jon Bon Jovi, contributed \$1 million through his foundation known as the “The Philadelphia Soul Charitable Foundation.” Mr. Bon Jovi was a featured speaker at the Ground Breaking held in September 2008. The foundation has been involved in building 140 homes in Philadelphia, New Orleans, and other cities throughout the country. It is anticipated that the project will be completed in November, 2009.



THE MORTGAGE ASSISTANCE PROGRAM (MAP)

FORECLOSURE

Sabrina is a single mother of two children, ages 5 and 17. Trouble struck Sabrina earlier this year, when her husband filed for divorce and she needed surgery which required her to take a two month leave from her job. During her leave of absence, her only source of income was \$138 per week in disability payments. Her significant loss of income resulted in the delinquency of her mortgage payments.

One evening Sabrina noticed an advertisement broadcasted on television for the nationwide HOPE Hotline 1-888-995-HOPE. She called the number and was referred to the Affordable Housing Alliance in Eatontown, NJ. Sabrina contacted AHA and they informed her about the Mortgage Assistance Pilot program ("MAP"). MAP provides temporary financial assistance to income-eligible New Jersey homeowners who wish to remain in their homes but are in imminent danger of foreclosure due to short term financial problems beyond their control.

Sabrina was advised that her income did not meet the income requirement for the program, but that did not discourage her. She obtained a part-time job which increased her income to qualify for a MAP loan. Her mortgage was worked out with her lender and Sabrina and her children were able to remain in their home.

"If it wasn't for the MAP program, my kids and I would be out on the street. Whoever put this program together, God should continue to move their hearts!" Sabrina said.

Thanks to the support of the MAP program Sabrina's future looks brighter!



THE TOY FACTORY

LOW INCOME HOUSING TAX CREDITS



Bernius Court, located in Jersey City, is an excellent example of adaptive reuse of an industrial warehouse, through the conversion of a toy factory that had been vacant for 10 years into a 46 unit affordable housing multi-family complex. The Developer, New Jersey City Affordable Housing, LLC, funded the project with Federal Low Income Housing Tax Credits, which generated \$6.6 million in private equity in addition to State funding of \$1,150,000. The “Toy Factory” Apartments promises to be a key component in the enhancement of the Greenville section of Jersey City.



BIRCH STREET

SUPPORTIVE HOUSING



Birch Arms is a fifteen unit apartment building which provides supportive housing for people who are homeless and mentally ill. The building contains fifteen efficiency apartments, each with its own private kitchen and a full bathroom. In addition, there are common laundry facilities, a multi-purpose common room with kitchen, resident lounges on the second and third floors, outdoor patios with a waterfall and barbeque grill, a gazebo and a community vegetable garden. Birch Street Supportive Housing is designed to contain multiple green features, including photovoltaic cells. These features will help reduce utility costs and reduce the environmental impact of the apartment building.

All residents of Birch Street Supportive Housing are offered supportive social services provided by New Jersey Community Development Corporation (NJCDC). All social services offered to residents will be designed to increase their ability to live and function independently.

Financing for the construction of this project include Federal Low Income Housing Tax Credits, the Special Needs Housing Trust Fund, City of Paterson HOME funds and HUD McKinney Funds. NJCDC receives project-based rental assistance for seven units from The State Rental Assistance Program (SRAP) and eight project based vouchers from HUD's Shelter Plus Care Program (S+C).

NORTH CAMDEN LAND TRUST

NEIGHBORHOOD REVITALIZATION

The City of Camden, New Jersey, was once a thriving hub of industrial age activity, including home to the New York Shipbuilding Corporation, RCA, Campbell's Soup Co. and General Electric. But by 1969, the picture of Camden as the economic and transportation center of the Philadelphia area and its position as a thriving urban center with its thoroughfares overflowing with retail merchants, customers and residents was giving way to a more gloomy landscape. As with many industrial and metropolitan areas, the city experienced job loss, suburban migration and ultimately racial tensions and decay.

The residents who remain in Camden face acute challenges in their daily lives. According to the 2000 Census, 79,904 people reside in Camden versus the city's population in the 1950s, which was 125,000. The City's median household income is \$18,007, making Camden one of America's most challenged cities. Compare this to the New Jersey statewide average median income of \$55,146 which is ranked highest in the country. Although New Jersey is one of the wealthiest states in the Union with an average per capita income of \$27,006, according to 2000 Census figures, the City of Camden's per capita income is a mere \$9,815. Based on 2006 data from the U.S. Census Bureau, 44% of the city's residents live in poverty, one of the highest rate in the nation.

Within this context, the New Jersey Housing and Mortgage Finance Agency (Agency or HMFA), along with other state agencies and non-profit organizations, has prioritized the economic redevelopment and urban revitalization of Camden.

The involvement and commitment of the Agency is a testament to the particular challenges faced by the Agency in providing safe, good quality and affordable housing opportunities for the people of Camden, especially North Camden, where this project is located. The Agency's ability to stabilize a homeownership and rental housing project in North Camden that was on the verge of facing multiple foreclosures, prevented 115 families in Camden from becoming homeless, and lays the foundation upon which this community begins to rebuild.

In 2006, residents of a scattered site project consisting of 90 rental and 25 "rent-to-own" homes run by the North Camden Land Trust (NCLT), a non-profit organization in North Camden, approached the state Department of Community Affairs (DCA) seeking its intervention. The NCLT properties were falling into disrepair and it had become clear that the NCLT no longer had the financial capacity to maintain the properties. From 2004 onwards, NCLT had stopped paying their mortgages in favor of trying to keep up with their taxes and utility payments. NCLT fell into arrears on various bank and commercial mortgages eventually prompting foreclosure actions by the banks. Without funding to make repairs to units to re-rent or to abate property maintenance violations from the City, NCLT had begun to board up units.

HMFA (a DCA affiliate) stepped in with a plan of action to comprehensively address the situation, including working with the mortgage holders to stop the foreclosure actions, thus preventing the displacement of the families and preserving the housing units

for the long term. This action immediately assisted residents who were at risk of losing the homes they were renting, and worked to preserve the equity some residents had accumulated from the "rent-to-own" program.

In 2006, HMFA staff aggressively met with the management staff of NCLT and its Board to develop a plan to preserve the housing, stabilize the community and engage a new property manager who would bring the needed resources and capacity to manage the properties. To implement this plan, because of the existing legal structure of the NCLT, HMFA had to reconstitute the Land Trust's board and re-engage the now apathetic and often angry residents to carry out the plan. This was no small task, as residents had become frustrated and scared at the prospect of losing their homes. To this end, HMFA identified a capable non-profit, faith based organization; Lutheran Social Ministries of New Jersey, Inc. (LSM) to take over management of the properties. Begun as an orphanage in 1904, LSM had since broadened its focus to provide an array of services ranging from affordable housing and retirement living to immigration assistance and adoption services. At the time, LSM had already been developing affordable housing and providing social services in North Camden for many years.

The project consisted of two Phases: The first consisted of abating all city and state property violations and stabilizing the project. HMFA and DCA committed considerable financial and technical resources in order to accomplish this. Over \$1 million of loan funding was provided through the DCA's Neighborhood

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NORTH CAMDEN LAND TRUST

NEIGHBORHOOD REVITALIZATION

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Preservation Balanced Housing Program for repairs to the rental units; over \$200,000 in grant funding was provided by the DCA's Office of Housing Advocacy to LSM for management expenses incurred in stabilizing the project and \$530,000 in loans were provided by the HMFA for the repair and transfer of the rent-to-own units to the residents. Once the funding was in place, HMFA managed the efficient distribution of these public resources. In fact, as a result of HMFA's management, only half of the allocated Balanced Housing program funds had to be spent for repairs to the rental units.

Key to stabilizing the project was consolidating the debt that was encumbering the project. The project had accumulated bank and institutional loans from five different financial entities; it had three outstanding government loans and it also had tax liens which needed to be redeemed in order to clear title on the properties. HMFA worked with The Reinvestment Fund (TRF), one of the original lenders to the NCLT, which agreed to help consolidate and reduce the payoff amounts on the loans and then act as mortgagor on the entire debt load. The state contributed almost \$2 million in loans, again through the Neighborhood Preservation Balanced Housing Program, to consolidate the bank and commercial debt as well as to pay off the tax and municipal liens.

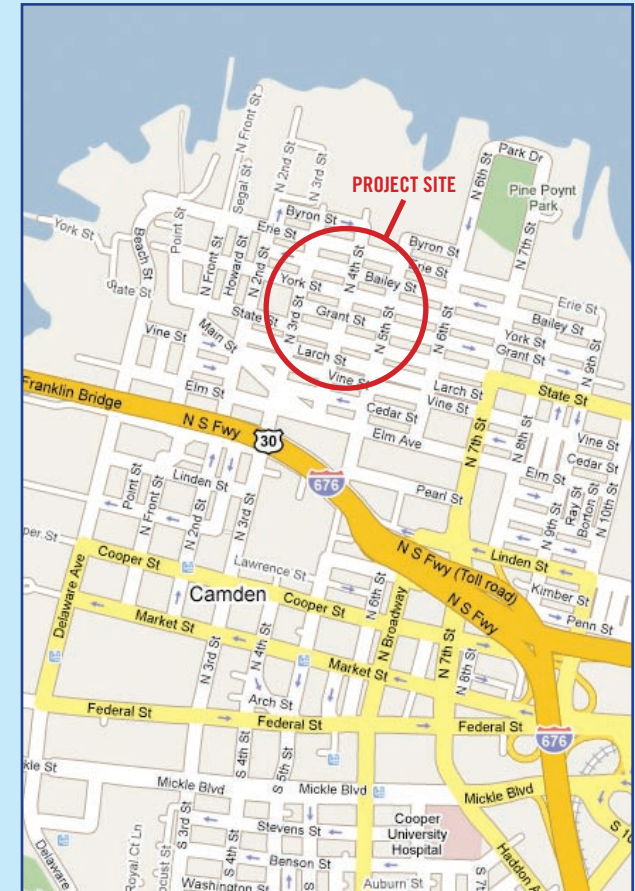
The Second Phase of the project consists of preserving the properties for the long term and transferring the rental units to LSM for preservation and rehabilitation. To finance this phase,

LSM competed for and received over \$1.56 million in Federal Low Income Housing Tax Credits to complete a full renovation of the 90 rental units. In addition, the state's Neighborhood Preservation Balanced Housing Program has provided a grant of \$5.5 million towards the rehabilitation effort. Construction on these units has begun and will be completed by December 2009.

The 25 "rent-to-own" units were renovated with the use of HMFA funds, and by July of 2008, were successfully transferred to the residents enabling them to fulfill their dream of homeownership.

IN CONCLUSION:

While this project can be seen from one perspective to have had a narrow, very specific benefit to 115 families in a small corner of the state, the challenges that the City of Camden faces, reverberate statewide. The Agency, as well as other state departments and the Legislature, have committed significant time and financial resources over the years, to pursuing the redevelopment of the City of Camden which has the potential to once again become our gateway to the West. NCLT is only one project of many in which HMFA has invested in the City of Camden but it has been one of our most challenging and at the same time, it has been one of the most uplifting. Against all odds, and thanks in large part to the efforts of HMFA's dedicated staff, 115 families now have a chance to reclaim their futures and stabilize their families and neighborhood. That is indeed a special achievement.



Map showing North Camden and the surrounding areas of the North Camden Land Trust.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY

2008 ACCOMPLISHMENTS

The New Jersey Housing and Mortgage Finance Agency (HMFA) provides investments and financing products which result in economic development for New Jersey communities and safe and affordable housing for the state's residents. The Agency financed projects throughout the state – in urban, suburban and rural communities creating jobs and contributing much needed investment.

PRODUCTION/INVESTMENT

HOMEOWNERSHIP OPPORTUNITIES:

SINGLE FAMILY MORTGAGES The Agency purchased close to 2,400 single family mortgages (representing an investment of over \$466 million), illustrating the strong homebuyer market in New Jersey for fixed rate, sustainable mortgages. HMFA's mortgages are 30-40 year, fixed rate loans and HMFA's low 1.3% foreclosure rate is a testament to the fact that the Agency does not purchase adjustable rate mortgages or any other non-traditional mortgage product; the Agency does not sell mortgages from its portfolio; and the Agency manually underwrites the mortgages – looking at every borrower individually, ensuring that borrowers actually are getting into an appropriate mortgage and have the ability to make their mortgage payments and remain in their homes over the long term.

CHOICE: Under CHOICE, over 400 units of for-sale housing has been funded, totaling over \$60 million in loans and subsidy. The CHOICE (Choices in Homeownership Incentives for Everyone) Program is the Agency's comprehensive financing program for the development of newly constructed and substantially rehabilitated homeownership housing in New Jersey. The program features below-market interest rate construction loans and construction subsidy funding for developers as well as favorable end loan financing for

eligible homebuyers. CHOICE has been a particularly important development tool in the urban areas where the combination of market rate and affordable housing is crucial to the revitalization goals of these communities. CHOICE funding fills the gap between other funding sources and total development costs.

RENTAL HOUSING, PRESERVATION AND SPECIAL NEEDS:

In addition to providing homeownership opportunities, the Agency recognizes the importance of providing good quality, affordable rental housing. In 2008, the Agency funded a total of 1,650 multi-rental units with a total investment of over \$197 million. Included in this number is the following:

- In 2008 the Agency made tax credit investments in 15 projects for 1,072 units under the competitive 9% tax credit program. The award of \$19 million in competitive 9% credits awarded in 2008 generated approx \$145 million in tax credit equity. The Federal Low Income Housing Tax Credit Program enjoys the reputation of being the most successful federal housing program in history. The credit, a dollar for dollar reduction in federal tax liability, acts as a catalyst to attract private investment into the historically underserved affordable housing market. The additional capital mitigates the debt burden incurred in the construction and rehabilitation development process.
- 645 preservation units were funded with a total investment of \$22 million, which may include existing units that are being rehabilitated or units included in buildings being renovated to provide new units in addition to those under rehabilitation. The best, most cost effective way to create affordable housing is to ensure that it does not become unaffordable. In order to achieve the goal of creating as much affordable housing as possible and maintaining the affordability of existing

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY

2008 ACCOMPLISHMENTS

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homes, HMFA created the Housing Preservation Division in 2004 to preserve the affordability of existing units.

- 308 supportive housing units/beds were funded with a total investment of \$25 million through the Special Needs Housing Trust Fund. HMFA provides various programs to support residents who have special needs. These projects are located throughout the state in urban, suburban and rural communities. Studies have shown that supportive housing developments strengthen the communities in which they are located.
- The availability of the Special Needs Housing Trust Fund has made possible innovative financing models for the development of supportive housing in New Jersey. These models include the leveraging of Trust Fund financing with a number of HMFA, State, federal and local funding sources including: 9% and 4% Federal Low Income Housing Tax Credits, HMFA Multifamily Financing Programs, Department of Community Affairs' Balanced Housing Trust Fund, State Rental Assistance Program, State and local HOME Programs, County Trust Funds, the Federal HUD 811 Supportive Housing Program and HUD McKinney-Vento Homeless Assistance SHP programs. These resources are, in turn, used to leverage private funding.

CAPITAL MARKETS

HMFA effectuated two single-family bond transactions totaling \$440,935,000 in economic refunding and new monies which will provide the funding needed to finance over 2,000 Home Buyer mortgages. Additionally, bond proceeds from two bond transactions totaling \$499,820,000 in economic refunding and new money were made available to fund the new construction and/or preservation of over 1700 apartments.

SINGLE FAMILY PROGRAMS

Live Where You Work Program (LWYW): In 2008, HMFA launched the Live Where You Work Program. (LWYW) is a home mortgage incentive program that provides low-interest mortgage loans to homebuyers who purchase homes in the towns where they are employed. The goal of LWYW is to build stronger communities by promoting homeownership and encouraging people to live closer to their jobs. This reduces the need for cars and increases the use of alternative transportation such as walking, biking and public transit. By taking into account the anticipated cost savings of a shortened commute, the program's flexible underwriting provides an opportunity for the borrower to receive a larger loan than they would otherwise be eligible for because the money they would have been spending on tolls and gas can now be invested in their mortgage.

01/2008

The Department of Community Affairs and New Jersey Housing and Mortgage Finance Agency in conjunction with NJHMIS conducts Third Annual Statewide Point-In-Time Homeless Survey.

02/2008

HMFA launches the Live Where You Work Homebuyer Program with New Jersey's capital city of Trenton as the first participating municipality.

03/2008

HMFA receives \$984,523 from the National Foreclosure Mitigation Counseling Program to administer funds to non-profit housing counseling agencies throughout the state to provide foreclosure counseling.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY

2008 ACCOMPLISHMENTS

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Since the start of the program, Trenton, Jersey City, Woodbridge, Elizabeth, Rahway, Atlantic City, Morristown, Evesham, Neptune Township, Bayonne, Paterson and Carteret have formally entered the program. The following municipalities are in the process of participating: New Brunswick, Glassboro, Passaic, Newark, Pemberton, North Bergen, and Orange. Many other municipalities have expressed interest in joining the program.

Welcome Home Program/Kinship Care: The Welcome Home Program, designed to assist the housing needs of foster parents in the process of adopting foster children was expanded in 2008 to include Kinship Care, a program designed to assist the housing needs of grandparents, uncles or aunts or other close relatives recognized by the Department of Human Services or the Department of Children and Families as qualified “Kin” who are caring for the children of relatives. Welcome Home/Kinship Care funds can be used to purchase a home, expand an existing residence, including the refinance of existing debt, adding handicap accessibility features, and/or for down payment and closing costs assistance. The agency’s staff in coordination with HUD certified counseling agencies throughout the state provide counseling for participants in the program. Welcome Home/Kinship Care considers potential borrowers, based on the recommendation of a qualified credit counselor, who are not currently credit worthy but who can establish acceptable credit within a 12-month period. 105 families have received assistance under Welcome Home/Kinship Care.

FORECLOSURE PREVENTION AND ASSET PRESERVATION

In addition to providing a variety of single family home mortgages, HMFA has been diligently involved in foreclosure prevention and asset preservation to provide those who have fallen behind in their mortgage payments or threatened with foreclosure the following alternatives:

PROGRAMS:

- **Mortgage Assistance Pilot Program (MAP):** Introduced in November of 2008, The Mortgage Assistance Pilot program (“MAP”) provides temporary financial assistance to income-eligible New Jersey homeowners who wish to remain in their homes but are in imminent danger of foreclosure to due to short term financial problems beyond their control. MAP is administered by the Agency’s Single Family Programs Division and is funded by annual appropriations from the State Legislature for homelessness prevention.

Specially trained HUD certified counselors analyze each homeowner’s individual financial situation and attempt to negotiate affordable and sustainable mortgage relief with the homeowner’s lender. If that negotiation yields sustainable mortgage relief, the counselor may submit a MAP application to the HMFA requesting up to \$20,000 to cover gaps and costs needed to close the deal between the homeowner and the lender. MAP funds may be used to cover such items as mortgage payment arrears, back taxes, transaction costs and pre-payment penalties.

04/2008 HMFA presents 12 counseling agencies located throughout New Jersey with checks in the amount of \$80,000 each to be used to assist in foreclosure prevention and asset preservation counseling.

05/2008 HMFA wins three Graphic Design USA awards for the design of the Live Where You Work Homebuyer Program logo, Green Homes Office logo and the Green Homes Office 100% recycled brochure.

06/2008 HMFA receives the 2008 Smart Growth Award from NJ Future at their 7th Annual Smart Growth Awards.

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2008 ACCOMPLISHMENTS

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- **Housing Assistance and Recovery Program (HARP) Support Fund:** This program, introduced in April 2009, allows nonprofit and public entities negotiating with lenders to purchase the mortgages of distressed homeowners and lease back the properties to the homeowners for up to three years. During that time, the non-profit or public entity works with the homeowner by providing counseling, job training, credit repair and budget guidance. The state has appropriated \$15 million to provide financial support to these entities.
- **Mortgage Stabilization Program (MSP):** MSP is a loan program, which was introduced in April 2009, designed to help homeowners avoid foreclosure by either refinancing into another mortgage or modifying their existing mortgage to make the future loan payments affordable to the homeowner. To participate in the program, the homeowner's lender must be willing to write down the value of the mortgage to the current value of the property. The State and the lender will then each provide a loan to write down the mortgage even further so as to make the monthly payments affordable to the homeowner (defined as 33% of gross monthly household income payable towards principal, insurance, taxes and interest). The state's loan will match the lender's loan up to \$25,000 and both loans will be repaid by the homeowner upon sale of the property.
- **NJ Judiciary Mediation Foreclosure Program (NJ's Mediation Program):** As part of the Governor's Economic Assistance and Recovery Plan, HMFA is administering \$12 million in state funds to strengthen counseling opportunities available to homeowners in distress and provide legal assistance as part of the NJ Judiciary Mediation Foreclosure Program. The program, which was introduced on January 5, 2009, and is available to homebuyers with an owner-occupied residential property that is subject to a foreclosure complaint. The goal of the program is to assist homeowners to develop a compromise that benefits both the homeowner and the servicer/lender. The State provides the homeowners with access to housing counselors, mediators and lawyers, all who have received training specific to this program, to support the mediation process. The counselors are from Agencies all over the state that have entered into an agreement with HMFA to participate in this Program.
- **National Foreclosure Mitigation Counseling Program:** In March 10, 2008, the Agency was awarded \$984,523 from the National Foreclosure Mitigation Counseling Program, administered by NeighborWorks® America, an independent, Congressionally chartered non-profit organization based in Washington, D.C. The Agency has since been administering the funds to non-profit housing counseling agencies throughout the state to provide more foreclosure counseling than ever before to area homeowners in danger of foreclosure. In addition to having HUD certification, the counselors from these non-profit agencies are required to complete a comprehensive weeklong training in foreclosure prevention counseling in order to participate in this program. In December 2008, the Agency was awarded an additional \$319,000 to continue to fund this effort.

07/2008

HMFA's Housing Resource Center website (www.njhousing.gov) receives 65,000 hits averaging just over 2,300 hits per day since it's inception.

08/2008

HMFA launches the Kinship Program, a program designed to assist the housing needs of grandparents, uncles or aunts or other close relatives who are caring for the children of relatives.

09/2008

HMFA hosts 14th Annual Governor's Conference on Housing and Community Development at the Atlantic City Convention Center.

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OTHER FORECLOSURE PREVENTION INITIATIVES

Capacity Building: On April 22, 2008, Executive Director Della Vecchia, DCA Commissioner Doria, and Department of Banking and Insurance Commissioner Steven M. Goldman, presented 12 counseling agencies located throughout New Jersey with checks in the amount of \$80,000 each to be used to assist in foreclosure prevention and asset preservation counseling. These funds have been used for hiring additional staff or for other purposes or needs related to providing foreclosure prevention services to New Jersey residents. The funding for these capacity building grants is from the HMFA General Fund.

Counselor Training: Since April 2008, the Agency has responded to the growing need for expertise in the area of foreclosure prevention by sponsoring two comprehensive weeklong training sessions equipping 85 counselors from 22 agencies throughout the state in the fundamentals of foreclosure prevention and asset preservation. In addition, there have been two training sessions held instructing counselors participating in the NJ Foreclosure Mediation Program how to walk their clients through the court mediation process upon receiving a notice of foreclosure. Additional training is scheduled for the attorneys participating in the Mediation Program. The Agency also hosts ongoing conference calls to address the questions and issues that arise as the various programs progress.

Performance Pool: The Performance pool, originally designed by NeighborWorks America to assist housing counseling agencies to jump-start foreclosure prevention programs, was implemented at a time when there was an absence of funding for foreclosure counseling services. On December 26, 2007, the federal government passed legislation that authorized \$180 million in appropriations, designated for compensation of services related to foreclosure prevention counseling. There are currently 15 NJ counseling agencies that have trained counselors participating in the Performance Pool. 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 that are compensated on a fee basis for their counseling services.

AWARDS RECEIVED

- HMFA received the NCSHA 2008 Special Needs Housing Award for HMFA's Youth Supportive Housing Initiative, a special needs program that assists youth aging out of the foster care system. HMFA competed with 147 entrants in the categories of Homeownership, Rental Housing, Special Needs Housing, Management Innovation, Communications, Special Achievement and Green Development.

10/2008

HMFA receives NCSHA Award for the Youth Supportive Housing Initiative, a special needs program that assists youth aging out of the foster care system.

11/2008

HMFA awarded with the "2008 Outstanding Implementation Award" for the Fairview Village Community Development project in the Fairview Neighborhood of Camden.

12/2008

HMFA signs MOU with Maine Housing to become a contributing member of Maine Housing's affordable housing carbon credit initiative.

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- HMFA received the National Council of State Housing Agencies (NCSHA) 2008 Communications Award for HMFA's 2007 Annual Report "It's What's on the Inside that Counts."
- Pamela McCrory was awarded the 2008 George Bailey Award presented by The Reinvestment Fund (TRF), a national organization that finances neighborhood revitalization. The award, named for Jimmy Stewart's character in the Frank Capra film "It's a Wonderful Life," is given to honor those individuals who best demonstrate the spirit of community building. Pam has over 20 years of experience in social services and housing development and has served as the Director of the Supportive Housing and Special Needs division since February 2005.
- On June 5, 2008, the HMFA received the 2008 Smart Growth Award from NJ Future at their 7th Annual Smart Growth Awards for Institutional Commitment to Community Revitalization for the strategic investment in the Health Sciences Campus at Cooper University Hospital in Camden. This award recognizes the critical importance of forming strategic partnerships to help ensure a project's success. HMFA was specifically being recognized for efforts to help revitalize the Cooper Plaza neighborhood by committing to provide assistance for the construction and rehabilitation of approximately 100 mixed-income units.
- In November 2008, HMFA received the 2008 Outstanding Achievement Award presented by The New Jersey Chapter of the American Planning Association for Fairview Village. This multi-faceted Camden project is part of an redevelopment effort which includes the rehabilitation and new construction of single-family homes, affordable rental units, a community center, retail spaces and improvements to green spaces, sidewalks, streets and lighting.

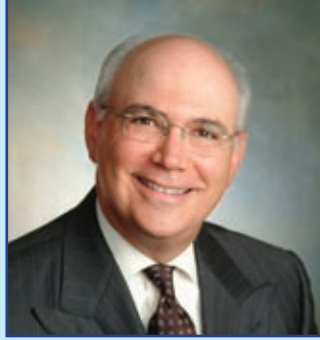
OTHER RESOURCES

Housing Resource Center: The Agency continues to provide one of the best tools for locating affordable housing in New Jersey – the Housing Resource Center (HRC). HRC is an online, housing information clearinghouse administered by HMFA. Since its inception, the website has received over 65,000 hits, averaging over 2,300 per day. HRC is designed to help all New Jerseyans free of charge with their housing-related needs whether they are looking for housing with accessibility features or affordable or market-rate housing, the HRC is an easy to use, empowering tool that gives people the freedom to search for their own rental or for sale housing without having to work through a third party. Visit www.njhousing.gov for further information.

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Producing... Preserving... Providing... Housing That New Jersey Residents Can Afford.