



## Emergency Rescue Mortgage Assistance (ERMA) Programmatic Element: Mortgage Reinstatement Guidelines

May 4, 2023

<b>1. Program Overview</b>	New Jersey Housing and Mortgage Finance Agency's Emergency Rescue Mortgage Assistance (ERMA) Program will assist New Jersey homeowners unable to pay their mortgages or other eligible housing expenses due to a COVID-19 related financial hardship. ERMA exists to promote neighborhood stability through homeowner retention by reducing delinquencies, mortgage defaults and foreclosures among New Jersey homeowners receiving assistance.
<b>2. Brief Description</b>	<p>The Mortgage Reinstatement component of ERMA will provide funds to eliminate or reduce past due payments and other delinquent amounts, including payments under a forbearance plan.</p> <p>Homeowner Assistance Fund (HAF) funds may be used to bring account fully current, with no remaining delinquent amounts post loss mitigation efforts, and to repay amounts advanced by the lender or servicer on the borrower's behalf for property charges, including property taxes, hazard insurance premiums, flood or wind insurance premiums, condominium fees, homeowners' association fees or other reasonable fees that the servicer advanced to protect lien position. HAF funds may be used to supplement other loss mitigation measures offered by the servicer or where</p> <p>HAF funds are necessary for the homeowner to qualify for other such loss mitigation measures. To the extent applicants are able to use other loss mitigation resources in a timeline consistent with the timeline of the application for HAF assistance, utilizing other loss mitigation resources first is encouraged.</p>
<b>3. Maximum Amount of Assistance per Household</b>	<p>Homeowners will be eligible for up to \$75,000 through this program to be used only for the homeowner's primary residence.</p> <p>Eligible homeowners may benefit from multiple components of the ERMA program provided the total benefit from all components does not exceed \$75,000.</p>





<p><b>4. Homeowner Eligibility Criteria/ Documentation Requirements</b></p>	<p><b>Homeowner Eligibility Criteria:</b></p> <ul style="list-style-type: none"> <li>• Must have experienced a COVID-19 related financial hardship after January 21, 2020.             <ul style="list-style-type: none"> <li>• Reduction of income or increase in household expenses by at least 10%</li> </ul> </li> <li>• Must have incomes equal to or less than 150% of the area median income, consistent with Treasury guidance.</li> <li>• Homeowners may not have liquid assets (excluding retirement assets and education savings plans) greater than \$100,000.</li> </ul> <p><b>Documentation Requirements:</b></p> <ul style="list-style-type: none"> <li>• Valid Identification.</li> <li>• Hardship Affidavit.</li> <li>• Third Party Authorization.</li> <li>• Mortgage Statement (if available).</li> <li>• Income Determination Documents.</li> <li>• Asset Attestation.</li> <li>• Other documents upon request</li> </ul>
<p><b>5. Property/Loan Eligibility Criteria Specific to the Program</b></p>	<p><b>Property criteria includes:</b></p> <ul style="list-style-type: none"> <li>• Must be owner-occupied primary residence.</li> <li>• Must be a one- to four-unit property.</li> <li>• Must be an attached or detached house, a condominium unit or a manufactured home on a foundation permanently affixed to real property.</li> </ul> <p><b>Loan criteria includes:</b></p> <ul style="list-style-type: none"> <li>• At application, borrower must be behind on mortgage or have a forbearance balance, escrow shortage, or other eligible housing-related expenses.</li> <li>• Original unpaid principal mortgage balance of the homeowner’s first mortgage loan, at the time of origination, must not exceed the conforming loan limit in effect at the time of origination for the applicable property type/unit count.</li> <li>• Mortgage servicer must be willing/able to accept and apply Program funds.</li> </ul>
<p><b>6. Structure of Assistance</b></p>	<ul style="list-style-type: none"> <li>• Program assistance will be provided to the homeowner in the form of a 0% interest rate, non-amortizing (no monthly payments), forgivable, subordinate 3-year loan. The loan will be non-recourse, secured and recorded, and take a junior lien position on the home.</li> <li>• All or a portion of the unforgiven loan funds will be due and payable from net equity proceeds upon sale or transfer or refinance of the property (except for refinances for a lower rate and/or shorter term) or if the borrower ceases to occupy the property as their primary residence prior to the end of the third year. If the property is sold and does not generate sufficient proceeds to repay all or a portion of the loan, the portion of the loan remaining unpaid after the proceeds are applied will be forgiven.</li> </ul>
<p><b>7. Payment Requirements</b></p>	<p>Payments will be made directly to the lender or servicer.</p>

