



Programmatic Element: Property Charge Default Resolution Guidelines

May 4, 2023

1. Program Overview	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.
2. Brief Description	<p>The Property Charge Default Resolution component of ERMA will provide funds to resolve certain property charge defaults that threaten a homeowner’s ability to sustain ownership.</p> <p>Homeowner Assistance Fund (HAF) funds may be used to pay past due property taxes, past due Homeowner Association (HOA) fees, municipal liens or utility liens that threaten sustained ownership of the property. Past due amounts must be brought current by program assistance or resolved concurrently with other assistance programs.</p>
3. Maximum Amount of Assistance per Household	<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>
4. Homeowner Eligibility Criteria/ Documentation Requirements	<p>Homeowner Eligibility Criteria:</p> <ul style="list-style-type: none"> • Must have experienced a COVID-19 related financial hardship after January 21, 2020. • Reduction of income or increase in household expenses by at least 10% • Must have incomes equal to or less than 150% of the area median income, consistent with Treasury guidance. <p>Homeowners may not have liquid assets (excluding retirement assets and education savings plans) greater than \$100,000.</p> <p>Documentation Requirements:</p> <ul style="list-style-type: none"> • Valid Identification. • Hardship Affidavit. • Third Party Authorization. • Mortgage Statement (if available). • Income Determination Documents. • Asset Attestation. • Other documents upon request





<p>5. Property/Loan Eligibility Criteria Specific to the Program</p>	<p>Property criteria includes:</p> <ul style="list-style-type: none"> • Must be owner-occupied primary residence. • Must be a one- to four-unit property. • Must be an attached or detached house, a condominium unit or a manufactured home on a foundation permanently affixed to real property. <p>Loan criteria includes:</p> <ul style="list-style-type: none"> • At application, borrower must be behind on eligible housing related expenses. • Eligible expenses are limited to past due property taxes, past due HOA fees, municipal liens and utility liens.
<p>6. Structure of Assistance</p>	<ul style="list-style-type: none"> • 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. • All or a portion of the unforgiven loan funds will be due and payable from net equity proceeds upon sale or transfer or refinancing 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.
<p>7. Payment Requirements</p>	<p>Payments may be made directly to the appropriate entity, not the borrower or any third party.</p>

