

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[Second Reprint]

ASSEMBLY, No. 793

STATE OF NEW JERSEY

DATED: JUNE 27, 2022

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 793 (2R).

Under the bill, in the case of residential property in which the bidder will occupy the property for at least 84 months, the bidder will have up to 90 business days to complete the sale, with no interest accruing on the balance of the sale for 60 business days following the sale. If the successful bidder does not pay the balance within this 90 business day period, the bidder would forfeit the deposit on the property and be responsible for the payment of accrued interest and fees or penalties incurred as a result of the sale being void, unless the failure to fulfill the balance is due to the bidder's inability to close a mortgage through no fault of the bidder's own.

The bill provides that the sheriff require the foreclosing plaintiff to disclose whether the property is vacant, tenant-occupied, or owner-occupied.

Under the bill, a bidder may purchase property in a sheriff's sale by way of financing if the bidder provides documentation that the bidder has been pre-approved by a financial institution for financing the property. A bidder, other than the foreclosed upon defendant or the foreclosed upon defendant's next of kin, may only use the financing option if the property will be the bidder's primary residence. If a successful bidder finances the property and does not use the property as a primary residence, the bidder will be subject to a fine of up to \$100,000 for the first violation and \$500,000 for each violation thereafter. However, there are exceptions to the penalties if the bidder must vacate the property due to death of the bidder or the bidder's spouse, disability of the bidder or the bidder's spouse, divorce, military deployment, or foreclosure.

To be a successful bidder on a residential property the bidder, who is not the plaintiff, who intends to occupy the property and finance the purchase of the property, shall have received eight hours of homebuyer education and counseling from the United States Department of Housing and Urban Development (HUD), and shall present certification of completion of that training at the time of purchase.

The bill requires each sheriff's office to maintain information, written in plain language, regarding the program to finance the

purchase of residential property in a foreclosure sale on its internet website in a manner that is accessible to the public. Additionally, each sheriff's office is to display information, written in plain language, regarding the program in its office in a manner that is conspicuous to the public. The information posted on a sheriff's website or displayed in a sheriff's office concerning the program must contain language notifying the public that the program excludes those purchasing property for investment purposes.

For any county in which the primary language of 10 percent or more of the residents is a language other than English, the bill directs the sheriff's office to provide the information required for the program in that other language or languages in addition to English. The alternate language would be determined based on information from the latest federal decennial census.

With the exception of sales conducted pursuant to the Community Wealth Preservation Program, the bill increases the fee to be charged by virtue of an execution sale from 4 to 5 percent, or 6 percent to 10 percent, depending on whether the sum involved is greater than or less than \$5,000, respectively. The bill also increases the minimum fee to be charged by virtue of an execution sale from \$50 to \$150.

Finally, the bill provides creditors and creditors' agents with immunity from liability for damages to certain vacant and abandoned property so long as reasonable care is exercised, and clarifies that bidders are not authorized to enter the property prior to the time of sale.

As reported by the committee, Assembly Bill No. 793 (2R) is identical to Senate Bill No. 1427 (1R), which was amended and also reported by the committee on this date.

FISCAL IMPACT:

This bill is not certified as requiring a fiscal note.