

New Jersey Statutes Annotated

Title 55. Tenement Houses and Public Housing

Subtitle 2. Public Housing

Chapter 14K. New Jersey Housing and Mortgage Finance Agency (Refs & Annos)

N.J.S.A. 55:14K-12

55:14K-12. Purchase and sale of eligible loans by agency

Currentness

a. The agency in order to encourage the development, operation, construction, improvement, and rehabilitation of an adequate supply of affordable housing, shall have the power:

(1) to make and to purchase or participate in the purchase, and to contract to purchase or participate in the purchase, of eligible loans and to enter into advance commitments for the making of or the purchase, or for participation in the purchase, of eligible loans, at the prices and upon the terms and conditions determined by the agency;

(2) to sell eligible loans acquired by the agency at public or private sale and at the price or prices and upon the terms and conditions as may be determined by the agency;

(3) to enter into arrangements or agreements with loan originators, which may be a part of any contract with the loan originators for the purchase or participation in the purchase of eligible loans, containing provisions determined by the agency to be necessary or appropriate to provide security for its bonds, including but not limited to provisions requiring the repurchase of eligible loans or participations therein by the loan originators at the option of the agency, payments of such premiums, fees, charges or other amounts by loan originators to provide a reserve or escrow fund for the purposes, among others, of protecting against defaults with respect to eligible loans, and provisions for the guarantee by, or for recourse against, loan originators with respect to defaults on eligible loans of the agency;

(4) to enter into contracts for the servicing and custody of eligible loans owned by the agency, which contracts may provide for the payment of the reasonable value of services rendered to the agency pursuant to the contracts;

(5) to renegotiate or refinance any eligible loan, or foreclose, or contract for the foreclosure of, any mortgage securing any eligible loan in default; to waive any default or consent to the modification of the terms of any mortgage; to commence any action to protect or enforce any right conferred upon by any law, mortgage, insurance policy, contract or other agreement, and to bid for and to purchase the property securing any eligible loan at any foreclosure or at any other sale, or acquire or take possession of any such property; to operate, manage, lease, dispose of, and otherwise deal with such property; all in the manner as may be necessary to protect the interest of the agency and the holders of its bonds;

(6) to procure insurance against any default with respect to eligible loans in such amounts and from such insurers as may be necessary or desirable;

(7) to establish, revise from time to time, charge and collect such premiums, fees or other charges in connection with the making or purchase of eligible loans, as the agency determines and to apply those premiums, fees or charges to the purposes or deposit them in funds or reserves, as the agency determines; and

(8) to provide subsidies or other reductions of interest rates with respect to eligible loans in order to encourage the availability of affordable housing or housing for persons and families of low and moderate income.

b. An eligible loan for a housing project made by the agency or purchased by the agency less than one year after construction of the project was commenced shall be subject to all the provisions of this act applicable to agency loans to housing sponsors for housing projects.

c. The agency shall from time to time adopt rules and regulations governing the making or purchase of eligible loans, including, without limitation, rules and regulations as to any of the following:

- (1) procedures for the purchase of eligible loans by the agency, whether by auction, invitation of tenders, or negotiation;
- (2) standards and requirements as to allocations of purchases of eligible loans among all or certain of the loan originators or among particular areas of the State;
- (3) limitations or restrictions as to the number of family units, income levels for owners or occupants, or location or other qualifications or characteristics of residences to be financed by the eligible loans to be made by the agency or by loan originators;
- (4) restrictions as to the maturities and interest rates on eligible loans and on the return realized from the origination and sale of eligible loans to the agency by loan originators;
- (5) standards and requirements for eligible loans which are not secured by a mortgage; and
- (6) any other matters related to the duties and the exercise of the powers of the agency in connection with the purchase of eligible loans under this act.

d. These rules and regulations and the terms and conditions for the making or purchase of eligible loans shall effectuate the general purposes of the act and the following specific objectives: (1) the expansion of the supply of funds in the State available for eligible loans, (2) the provision of the additional housing needed to remedy the shortage of adequate housing in the State and to eliminate the existence of a large number of substandard dwellings and (3) the provision of nonhousing facilities which enhance the livability of residential properties or areas being improved through financing by the agency and provide supplies and services primarily to the residents of those residential properties and areas.

e. The agency shall require as a condition of each purchase of eligible loans from a loan originator that the loan originator proceed as promptly as practicable to make and disburse from the proceeds thereof eligible loans in an aggregate principal amount equal, as nearly as practicable, to the amount of the proceeds from the purchase by the agency of eligible loans therefrom, but these requirements shall not apply if the eligible loans so purchased were originated pursuant to a commitment or other arrangement with the agency.

f. The agency shall require the submission to it by each loan originator from which the agency has purchased eligible loans evidence satisfactory to the agency of the making of eligible loans or the application of the proceeds from the purchase of eligible loans in accordance with commitments with the agency for the origination of eligible loans by the loan originator, as may be appropriate and in connection therewith may, through its employees or agents, inspect the books and records of the loan originator.

g. The agency may require as a condition of any purchase of eligible loans from loan originators representations and warranties it determines to be necessary in connection with that purchase and to carry out the purposes of this act.

h. Compliance by any loan originator with the terms of its agreement with or undertaking to the agency with respect to the making of any eligible loans may be enforced by decree of the Superior Court. The agency may require as a condition of purchase of eligible loans from any loan originator the consent of the loan originator to the jurisdiction of the Superior Court of any such proceeding. The agency may also require agreement by any loan originator, as a condition of the agency's purchase of eligible loans from the loan originator, to the payment of penalties to the agency for violation by the loan originator of its undertakings to the agency, and these penalties shall be recoverable at the suit of the agency.

i. Whenever any eligible loan purchased by the agency is to be held or serviced by a person other than the agency, a statement designating the eligible loan being so held or serviced and the person so holding or servicing the eligible loan and setting forth the agency's interest in the eligible loan may be filed in the records of the agency, which loan records shall be available for public inspection during regular business hours of the agency, and no possession, further filing, or other action under Title 12A, Commercial Transactions, of the New Jersey Statutes or any other law of the State shall be required to perfect any security interest which may be deemed to have been created in favor of the agency. The servicer shall, in any case, be and be deemed to be the trustee of an express trust for the benefit of the agency in all matters relating to any such eligible loan.

j. Notwithstanding the provisions of section 213.1 of P.L.1948, c. 67 (C.17:9A-213.1) or any other provision of law to the contrary, any loan originator may, in connection with the sale of eligible loans to the agency pursuant to this act, enter into arrangements or agreements with the agency as are authorized under and contemplated by this act, including, without limitation, provisions requiring the repurchase of eligible loans or participation therein by the

loan originator at the option of the agency, provisions requiring the payment of premiums, fees or charges or other amounts by the loan originator to provide a reserve or escrow for the purposes, among others, of protecting against defaults with respect to eligible loans, and provisions for the guarantee by, or for recourse against, the loan originator with respect to defaults on eligible loans of the agency.

### **Credits**

L.1983, c. 530, § 12, eff. Jan. 17, 1984.

### Notes of Decisions (1)

N. J. S. A. 55:14K-12, NJ ST 55:14K-12

Current with laws through L.2019, c. 123 and J.R. No. 15