

**STATE OF NEW JERSEY ▪ DEPARTMENT OF COMMUNITY AFFAIRS
DIVISION OF DISASTER RECOVERY AND MITIGATION**

SUBJECT: Hurricane Ida Mortgage Forbearance Policy

NUMBER: 2.10.117

EFFECTIVE: December 2024

AMENDED:

DCA-DRM

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APPROVAL:



Samuel R. Viavattine
Deputy Commissioner

1. PROGRAM DESCRIPTION

1.1 Program Overview

This program offers mortgage payment relief and foreclosure protection for homeowners affected by the remnants of Hurricane Ida, which left thousands of families displaced and unable to return to their homes. This program provides temporary protection against foreclosure for eligible homeowners and requires mortgage servicers to implement a temporary forbearance on mortgage payment obligations for those impacted by the storm.

The Mortgage Forbearance Program (“Program”) was created in accordance with P.L. 2024 c.85, which places responsibility with the Department of Community Affairs for issuing a Certification of Eligibility for forbearance under the law. Any issues that arise with an applicant’s mortgage servicer under Section 5.2 of this policy should be addressed with the New Jersey Department of Banking and Insurance and are outside the purview of the Department of Community Affairs.

1.2 Program Administration

The Program permits eligible homeowners to apply to the Department of Community Affairs (“Department”) for Certifications of Eligibility for Forbearance. The Program reviews all submitted applications to certify whether the applicant fulfills the established eligibility criteria. Upon confirming eligibility, the Program will issue a Certification of Eligibility for Forbearance, which grants the applicant the right to receive a one-year mortgage forbearance from their respective mortgage servicer.

1.3 Process of the Program

A person who meets the eligibility criteria may file an application with the Department, requesting a Certification of Eligibility for Forbearance online through a system established by the Program. The Program will publish instructions for filing an application requesting a Certification of Eligibility for Forbearance on its website. The Program will make the online application publicly available by no later than January 29, 2025. Eligible applicants have no more than thirty (30) days to submit the application.

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2. ELIGIBILITY

2.1 Eligible Applicant Criteria

An applicant shall be eligible for a forbearance regardless of whether the storm-impacted homeowner's primary residence is already the subject of a foreclosure proceeding.

To qualify for a Certification of Eligibility for Forbearance, an applicant must satisfy the following eligibility criteria:

- meet the definition of "storm-impacted homeowner" pursuant to section P.L. 2024, c.85 and described below.
- have a current mortgage obligation on their primary residence; and
- submit a complete application to the department that satisfies the requirements of this policy.

"Storm-impacted homeowner" means a person who holds a mortgage to a primary residence and, as a result of damage to that primary residence due to Hurricane Ida:

- applied to HARP, and remains in an eligibility, scoping, award, or construction phase of the Program; or
- applied to HARP but was ineligible based on criteria excluding homes located in government-designated flood-hazard areas or floodways; or
- has applied to and is pending an award from Mitigation Assistance Program (MAP); or
- has been invited to participate or is participating in a CDBG-DR funded buyout through the Blue Acres Program.

Under P.L. 2024, c.85, homeowners with the following mortgage loans are ineligible for a Certification:

- any mortgage loans made, insured, or securitized by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration of the United States Department of Housing and Urban Development, the Department of Veterans Affairs, or the Rural Housing Service; or
- any mortgage loans serviced pursuant to the policies of these entities but not made, insured, or securitized by the entities unless the mortgage loan has been granted a Certification prior to being serviced by these entities.

2.2 Eligibility Documentation

To be deemed complete, an application for a Certification of Eligibility for Forbearance must comply with the instructions for filing published by the Program and include copies of the following materials:

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1. documentation demonstrating that the applicant meets the definition of storm-impacted homeowner;
2. proof that the applicant has a current mortgage obligation on their primary residence;
3. an attestation by the applicant under penalty of law that:
 - a) the information submitted to the department in support of the application for a Certification of Eligibility for Forbearance is true and accurate to the best of the applicant's knowledge; and
 - b) the applicant understands and accepts that the department may, as part of its review process, take necessary steps to verify the information submitted by the applicant and agrees to cooperate with the department in any such verification process; and
4. any additional documentation requested by the department.

The application will be deemed incomplete until all documents noted above have been provided in accordance with Program standards.

3. APPLICATION PROCESS

3.1 Application Timeline

1. The Program will publish instructions for filing an application requesting a Certification of Eligibility for Forbearance on its website on or before December 29, 2024.
2. The Program will make the online application publicly available on or before January 29, 2025.
3. All applications must be submitted to the Program within thirty (30) days following the date the Program makes the online application publicly available.
4. The Program will determine whether the application is complete within ninety (90) days of conclusion of the application submission period. Should the application be found incomplete, the Program will issue a written notice to the applicant within ninety (90) days of conclusion of the application submission period, detailing the specific reasons why the application is incomplete.
5. If the Program finds that an application meets the eligibility criteria, it will issue a Certification of Eligibility for Forbearance to the eligible applicant.
6. If the Program determines that an application does not meet the eligibility criteria, the Program shall provide written notice to the applicant explaining why the application does not meet the eligibility criteria and providing information on the applicant's ability to appeal the Program's decision.

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3.2 Application and Approval Process

To be deemed complete, an application for a Certification of Eligibility for Forbearance must comply with the instructions for filing published by the Program and include copies of the materials outlined in Section 2.2.

Within ninety (90) days from the conclusion of the application submission period, the Program will determine whether the application:

- a) is complete; and
- b) meets the eligibility criteria and if so, issue a Certification of Eligibility for Forbearance to the eligible applicant.

If the Program fails to act on an application that it has deemed to be complete before the expiration of the ninety (90) day review period, the applicant shall be deemed to have satisfied the eligibility criteria, and the Program will issue a Certification of Eligibility for Forbearance to the applicant.

3.3 Incomplete Applications

The Program will provide a written notice to the applicant explaining why the application is incomplete. An applicant who receives notice from the Program that their application is incomplete will have fifteen (15) days after they receive such notice to resubmit their application. Upon the applicant's resubmission, the ninety (90) day review period shall begin from the original date of submission.

Applicants will be afforded one opportunity to resubmit an application within the 90-day review period if returned due to Incomplete status.

3.4 Ineligible Applicants and Right to Appeal

If the Program determines that an application does not meet the eligibility criteria, the Program shall provide a written notice to the applicant explaining why the application does not meet the eligibility criteria and providing information on the applicant's ability to appeal the Program's decision.

4. PERIOD DURING WHICH MORTGAGE FORBEARANCE IS GRANTED

4.1 Eligible Applicant's Responsibility

A mortgage forbearance shall not be construed to impact a homeowner's property tax or insurance obligations related to the property that is the subject of the forbearance.

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A homeowner who receives a Certification of Eligibility for Forbearance shall be responsible for maintenance of the property that is the subject of the forbearance during the period of forbearance. This obligation shall be subordinate to any applicant's obligations under their HARP, MAP, or Blue Acres grant agreement.

Upon receiving a Certification of Eligibility for Forbearance, the homeowner shall notify their mortgage servicer and provide a copy.

A homeowner who has received a Certification of Eligibility for Forbearance and is denied a forbearance by a mortgage servicer licensed by the Department of Banking and Insurance may file a complaint with the Department of Banking and Insurance. The Department of Banking and Insurance shall investigate the complaint and, if appropriate, order the mortgage servicer to grant a forbearance to the eligible applicant pursuant to this section.

4.2 Voluntary Withdrawals of Forbearance

A homeowner who receives a Certification of Eligibility for Forbearance shall have the option to discontinue the mortgage forbearance at any time upon written notice to the mortgage servicer and to the Program stating that they knowingly waive any rights they would otherwise be afforded.

4.3 Commissioner's Right to Terminate Forbearance

The Commissioner of the Department of Community Affairs may terminate a Certification of Eligibility for Forbearance and the mortgage-forbearance period if the Commissioner determines that the eligible applicant made a false or misleading statement, misrepresentation, or omission of a material fact in any application or submission of information to the Program. Upon the termination of a Certification of Eligibility for Forbearance or mortgage forbearance period pursuant to P.L. 2024, c.85., the Commissioner will provide notice to the applicant of their right to a hearing to contest the termination in accordance with the requirements of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.).

4.4 The Forbearance Period

The forbearance period shall conclude one year after the date on which the Program issues a Certification of Eligibility for Forbearance to an eligible applicant unless the eligible applicant discontinues the mortgage forbearance, or the mortgage forbearance is terminated by the Commissioner.

Unless otherwise stated by law, a homeowner receiving a Certification of Eligibility for Forbearance will have their mortgage repayment period extended by the number of months the forbearance is in effect. The payments not made during the forbearance shall be due on a monthly basis during the period

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constituting an extension of the mortgage unless the eligible applicant granted a Certification of Eligibility for Forbearance has chosen to make these payments earlier.

During the time of the forbearance and the period constituting an extension of the mortgage, all terms and conditions of the original mortgage, except with regard to default and delinquency during forbearance, shall continue without modification, and there shall be no fees assessed, including attorney's fees, related to the forbearance or late payment, or penalty for early repayment.

Pursuant to **P.L. 2024, c.85.**, during forbearance and during the subsequent time period constituting an extension of the mortgage, all terms and conditions of the original mortgage, except with regard to default and delinquency during forbearance, are to continue without modification, fees assessed, late penalties, or penalties for early repayment.

5. FORECLOSURE

5.1 Eligible Applicant's Subject to Foreclosure

An eligible applicant who is the subject of a foreclosure proceeding shall be awarded, by the court and upon application by the property owner for good cause shown, a stay in the foreclosure proceedings. An application to the court by an eligible applicant shall be made prior to the first day of the sixth month next following the effective date of P.L. 2024, c.85, unless the courts, in their discretion, permit application submission for a longer period. The receipt of a Certification of Eligibility for Forbearance issued to the eligible applicant shall constitute good cause for the award of a stay. The award of a stay pursuant to this section shall conclude upon the earlier of:

- a) the conclusion of one year following the initial award of a stay of foreclosure proceedings;
or
- b) January 1, 2026.

5.2 Mortgage Service Provider

During any period of mortgage forbearance granted by the Program, a mortgage servicer shall not, for the purposes of foreclosure of a residential property that is the subject of a Certification of Eligibility for Forbearance that is not vacant, abandoned or otherwise subject to P.L.2003, c.210 (C.55:19-78 et al.):

- a) send an eligible applicant a notice of intention to foreclose pursuant to section 4 of P.L.1995, c.244 (C.2A:50-56); or
- b) otherwise, initiate the foreclosure process.

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A deadline or time period for action by a party to the foreclosure process for a residential property that is subject to a Certification of Eligibility for Forbearance issued pursuant to this section and filed prior to the effective date of **P.L. 2024, c.85**, shall be tolled until the end of the period of the mortgage forbearance.

The mortgage servicer has obligations under P.L. 2024, c.85 to provide certain information to the court and to the Department of Banking and Insurance. For more information, please reference P.L. 2024, c.85, or contact the Department of Banking and Insurance.

It shall be an unlawful discrimination in violation of the "New Jersey Law Against Discrimination," P.L.1945, c.169 (C.10:5-1 et seq.) for a mortgage servicer to discriminate in application of the provisions of this section on any basis protected by subsection g. of section 11 of P.L.1945, c.169 (C.10:5-12).