

**SENATE BILL NO. 2577
(First Reprint)**

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 2577 (First Reprint) with my recommendations for reconsideration.

Since the devastating events of October 2012, my Administration has remained focused on restoring the lives of those impacted by Superstorm Sandy and providing relief and aid to those individuals in the recovery and rebuilding of their homes. Although substantial progress has been made and many individuals have been able to successfully rebuild and return to their homes, I recognize that the job is not complete.

This bill would mandate courts to stay foreclosure proceedings brought against eligible homeowners, upon application and good cause shown, for a period of three years or until 60 days after the issuance of a certificate of occupancy, whichever is sooner. It also provides for an automatic forbearance of mortgage and interest payments by eligible homeowners not in foreclosure for a period of three years or until 60 days after the issuance of a certificate of occupancy, whichever is sooner. The bill would require this forbearance regardless of whether the homeowner was having any problems making payments on the mortgage or whether any such problems were caused by Superstorm Sandy.

I share the Legislature's desire to continue to support those who have not fully recovered from the impact of Superstorm Sandy. However, I am concerned that this well-intentioned bill would preclude some homeowners who may need relief from receiving it, while providing relief to others who may not need it. In addition, I am concerned that the bill requires the State to reimburse mortgage holders a portion of their losses.

The original Senate version of this bill left decisions regarding the entitlement to relief in the capable hands of the courts. My recommendations are consistent with that approach and would enable any homeowner whose home was damaged by Superstorm Sandy and who is the subject of an action to enforce a mortgage obligation, including a foreclosure action, to seek a stay or other relief from the court. Courts are best-equipped to address the complicated, fact-sensitive issues that can arise when a homeowner is unable to comply with his mortgage obligations, and can provide a range of relief that is tailored to that homeowner's specific situation.

Accordingly, I herewith return Senate Bill No. 2577 (First Reprint) and recommend that it be amended as follows:

- Page 2, Title, Line 2: Delete "establishing relief programs" and insert "providing relief from mortgage foreclosure"
- Page 2, Title, Line 4: Delete "which were impacted" and insert "that was damaged"
- Page 3, Section 1, Line 8: Delete "a. For the purposes of P.L. , c. (pending before the" and insert "The provisions of this act shall apply only to obligations secured by mortgage, trust deed, or other security in the nature of a mortgage upon residential real property damaged as a result of "Superstorm Sandy", the major storm that made landfall in New Jersey on October 29, 2012."
- Page 3, Section 1, Lines 9-47: Delete in their entirety and insert "2. Notwithstanding the provisions of any law, rule or regulation to the contrary, on and after the effective date of P.L. , c. (pending before the Legislature as this bill), in a proceeding commenced in any court to enforce a mortgage obligation arising out of nonpayment of any sum due under the mortgage, including without limitation a foreclosure action, or out of any other breach of the terms of the mortgage occurring upon residential real property damaged as a result of "Superstorm Sandy," the court may, upon application by the

owner of the mortgaged property, after a hearing, upon good cause shown, and provided that the Court finds that the owner of the mortgaged property's failure to comply with the terms of the mortgage obligation was materially affected by "Superstorm Sandy":

- (a) Stay the proceedings; or
- (b) Make such orders or disposition of the case as may be appropriate or necessary to preserve the interest of all parties."

Page 4, Section 1, Lines 1-47:

Delete in their entirety

Page 5, Section 1, Line 1:

Delete "i." and insert "3."

Page 5, Section 1, Line 1:

Delete "section" and insert "act"

Page 5, Section 1, Line 9:

Delete "2." and insert "4."

[seal]

Respectfully,

/s/ Chris Christie

Governor

Attest:

/s/ Thomas P. Scervo

Chief Counsel to the Governor