

INSTRUCTIONS

The Mortgage Stabilization and Relief Act, P.L. 2008, c. 127, (“the Act”) enacted on January 9, 2009, requires the Department of Banking and Insurance (Department) to promulgate regulations to effectuate Section 15 of the Act, N.J.S.A. 46:10B-49. Section fifteen requires all creditors that institute a mortgage foreclosure action in the Superior Court of New Jersey (Court) to report to the Department on a quarterly basis, on a form promulgated by the Department, information about the number of mortgage foreclosure actions filed by the creditor. The regulations have recently been adopted as N.J.A.C. 3:10-9. (see 41 N.J.R. 4193(a)).

Only creditors who file at least one complaint seeking to foreclose on a residential mortgage during a calendar quarter are required to report data for that time period. The Department anticipates that the entity filing the information on behalf of the creditor will be the servicer of the mortgage. If there is no servicer, the entity submitting the information will be the mortgagee itself.

Creditors shall report the data by county and municipality of the mortgaged property and the year in which the mortgage was executed. Data will be reported on the number of mortgages on which complaints seeking foreclosure were filed in each of the following categories: fixed rate mortgages; adjustable rate mortgages; conforming mortgages; non-conforming mortgages; VA mortgages; FHA mortgages; USDA rural development mortgages; prime rate mortgages; subprime rate mortgages and interest only mortgages.

These are not exclusive categories and it is expected that many mortgages will fall into several categories. For instance, a single mortgage could be a non-conforming, fixed rate, prime rate mortgage and therefore be reported as a non-conforming mortgage as well as a fixed rate mortgage and additionally as a prime rate mortgage. Thus, in the data reported for such a mortgage the creditor would add one to the number of non-conforming mortgages, one to the number of fixed rate mortgages, one to the number of prime rate mortgages and one to the number of mortgages with its year of origination on which a foreclosure complaint had been filed.

To maintain consistency with certain reporting standards already in place, the definitions of “subprime rate mortgage” and “prime rate mortgage” are patterned after definitions used by the Federal Housing Finance Agency (FHFA), the Office of the Comptroller of the Currency (OCC), and the Office of Thrift Supervision (OTS) in their Mortgage Metrics Reports. For purposes of these reporting requirement rules only, prime rate mortgages are defined as mortgages given to borrowers with a FICO score of 660 or higher and subprime rate mortgages are defined as mortgages given to borrowers with a FICO score of 659 or lower. Please note that the proposed definitions of “prime rate mortgage” and “subprime rate mortgage” are appropriate for use as definitions only in the limited context of this report.

The individual entering the data on behalf of the creditor shall enter the name of the servicer/creditor for which they are reporting and their own name. The individual shall certify as to their authority to submit the report and that, to the best of their knowledge, the information provided in the submission is truthful and accurate. Creditors shall retain copies of the information reported to the Department for at least three years

from the date of reporting. Production of the retained information may be requested by the Department at any time during that period for audit purposes.

GUIDELINES FOR REPORTING DATA

The data reporting system consists of two parts, the registration section and the reporting section. Upon accessing the system you will be asked to register or, if you are already registered, you will be directed to proceed to the screens on which you can enter your data. All screens are user-friendly and self-explanatory. For servicers seeking to report information concerning more than one creditor, the system allows the servicer the names -of multiple creditors during the same on-line session. Once a creditor's name is entered, the servicer may move between creditors to input information on foreclosure complaint filings by the different creditors. Servicers or creditors may also return to information entered earlier in that session, or in a previous reporting session for the same calendar quarter, to report additional information for that 3-month time period.

SCHEDULE FOR REPORTING DATA

Due to the delay in the on-line reporting system becoming operational, the schedule for reporting data for the third and fourth quarters of 2009 will differ from that previously announced. The system will be available for input of data on foreclosure complaint filings made during the third quarter of 2009 until January 15, 2010. The system will then close. It will thereafter be available between February 1, 2010 and March 2, 2010 for inputting data on foreclosure complaint filings made during the fourth quarter of 2009.

Following these two transition periods, the system will be available as outlined in the Department's recently adopted rule, with the system available for each calendar quarter during the 30 days immediately following the conclusion of that calendar quarter. Thus, the system will be available for reporting of data for the first quarter of 2010 (i.e. January 1, 2010 through March 31, 2010) during the month of April 2010. Thereafter, the system will be available for the input of data for the second quarter of 2010 between July 1, 2010 and July 30, 2010. The required data for all subsequent calendar quarters may only be reported during the 30 day period immediately following the end of each quarter. Please note that the system will be locked down and unavailable for input during the time periods between the designated reporting periods. Once a reporting period for a particular calendar quarter has closed there will be no ability to initially report or to revise data previously reported for that calendar quarter.

Definitions: The following definitions are supplied for reporting purposes pursuant to N.J.S.A. 46:10B-49 only and should not be considered indicative of the Department's interpretation of the terms for any other use.

Please note that the definitions for "prime rate mortgage" and "subprime rate mortgage" are appropriate for use as definitions only in the limited context of this report. For purposes of this reporting requirement the categories of "prime" and "subprime" are differentiated by FICO scores.

"Adjustable rate mortgage" means a mortgage loan that does not have a fixed interest rate. During the life of the loan the interest rate will change based on a specified index rate or on some other basis. Also known as adjustable mortgage loans or variable rate mortgages.

"Conforming mortgage" means a mortgage with a loan amount that does not exceed the loan limits set by the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac) or their successors.

"Creditor" means a mortgagee or an agent or assignee of a mortgagee, such as the servicer, who has instituted an action to foreclose a mortgage in the Superior Court of New Jersey.

"FHA mortgage" means a mortgage insured by the Federal Housing Administration.

"FICO score" means a borrower's credit score calculated using methodology developed by Fair Isaac Corporation.

"Fixed rate mortgage" means a mortgage with payments that remain the same throughout the life of the loan because the interest rate and other terms are fixed and do not change.

“Interest only mortgage” means a mortgage where the borrower has the option of paying only the interest for a limited period of time.

“Mortgage foreclosure proceeding instituted” means filing of a complaint in the Superior Court of New Jersey seeking to foreclose upon a residential mortgage.

“Nonconforming mortgage” means a mortgage with a loan amount that exceeds the loan limits set by the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac), or their successors.

“Prime rate mortgage” means a mortgage given to a borrower with a FICO score of 660 or more.

“Reporting quarter” means the calendar quarter immediately prior to the month in which the data is being inputted in accordance with N.J.A.C. 3:10-9 et seq.

“Residential mortgage” means a mortgage in which the security is an owner occupied residential property of not more than four dwelling units as defined by N.J.S.A. 2A:50-55.

“Servicer” means a business that collects mortgage payments from borrowers and manages the borrower’s escrow accounts.

“Subprime rate mortgage” means a mortgage given to a borrower with a FICO score of less than 660.

“USDA Rural Development Loan” means a mortgage insured by Rural Development Office of the United States Department of Agriculture.

“VA mortgage” means a mortgage insured by the Veteran’s Administration.