# GOVERNOR CHRISTIE CONDITIONALLY VETOES BILL AIMED AT KEEPING SUPERSTORM SANDY VICTIMS FROM ENTERING INTO FORECLOSURE FOR THREE YEARS

December 18, 2015; updated January 15, 2016 By, Ryan P. Mulvaney

"'Cause down the Shore everything's all right." That famous lyric from the song Jersey Girl as performed by Bruce Springsteen is what homeowners were hoping for when the New Jersey Legislature sent Senate Bill S2577 to Governor Christopher J. Christie's desk on December 17, 2015, which, some legislators said, would have provided "some financial breathing room" to those impacted by Superstorm Sandy. (Statement, S2577) (Dec. 14, 2014)).

Introduced on December 1, 2014, in the General Assembly Bill as A4139 and on February 5, 2015, in the Senate, the legislation passed the Assembly by a 27-6 vote and the Senate by a 56-14 vote. The legislation proposed to prevent lenders from foreclosing on Superstorm Sandy victims waiting for funds through rebuilding grant programs run by the State of New Jersey. It also would have allowed Superstorm Sandy victims waiting for grant money to qualify for a three-year forbearance period, during which time they would not have to make mortgage payments. In short, a Sandy victim homeowner eligible for funds through the Reconstruction Rehabilitation, Elevation, and Mitigation program or the Low- to Moderate- Income Homeowner's Rebuilding Program, but who had not yet received those funds, would have been eligible for a stay of foreclosure proceedings, or a forbearance period, during which time mortgage and interest payments would be deferred.

How, procedurally, would this have worked? If the bill had been signed, presiding courts could have exercised their discretion after they conducted hearings, *sua sponte*, or were required to, on motions to them by owners of the mortgaged properties, to stay the foreclosure proceedings unless the abilities of the homeowners to comply with the terms of the mortgage obligations were not materially affected by any reason relating to Superstorm Sandy. Proposed violations included imposing a disorderly person offense punishable by imprisonment not to exceed six months, or by fine not to exceed $1,000, or both.

Of note, the bill was opposed by the New Jersey Bankers Association, an organization that represents FDIC-insured banking institutions headquartered or having offices in New Jersey, the primary function of which is to represent those members' interests before legislators and regulators. According to a representative from the New Jersey Bankers Association during a hearing on S2577, lenders "are getting forced to carry the burden the government has failed to do themselves."

On January 11, 2016, Governor Christie conditionally vetoed the legislation.

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