

Information for Bankruptcy Debtors and Others Concerning The New Jersey Judiciary Foreclosure Mediation Program

The New Jersey Judiciary Foreclosure Mediation Program is a new state-supported program that combines the efforts of the State Judiciary, the Office of the Attorney General, the Housing Mortgage Finance Agency in the Department of Community Affairs, the Public Advocate, the Department of Banking and Insurance, and Legal Services of New Jersey. The Program seeks to resolve the growing number of foreclosure actions in the state by encouraging work-out and payment arrangements between distressed borrowers and lenders.

Application may be made at any time after a foreclosure complaint has been filed up to the time of the sheriff's sale by homeowners who have filed an answer and are contesting the foreclosure, as well as by homeowners who failed to appear and whose cases are currently uncontested. A request for mediation does not prevent the lender from continuing to seek a foreclosure judgment and writ, but it will stay the sheriff's sale while mediation is pending, if the homeowner files a successful motion in state court seeking a stay.

The filing of a bankruptcy case is not a bar to acceptance in this program, whether the case is actively pending, the debtor has received a discharge, or the case has been dismissed. Effective May 18, 2009 the Bankruptcy Court for the District of New Jersey has entered a *General Order Clarifying that Participation in the New Jersey Judiciary Foreclosure Mediation Program Does Not Violate the Automatic Stay*. Per the terms of this General Order, participation by debtors and mortgagees in the Foreclosure Mediation Program does not violate the automatic stay of actions or proceedings against the debtor under 11 U.S.C. § 362(a) in any way. The parties are not required to obtain relief from the automatic stay in order to participate in the Foreclosure Mediation Program.

Interested parties should reference the General Order and its governing provisions in full concerning the rights of Bankruptcy Debtors and Mortgagees who choose to participate in the New Jersey Judiciary Foreclosure Mediation Program. It is also important to note that Debtors who choose to participate under the terms of this General Order must meet all of the qualifications for the Program.

To qualify for the free mediation program,

- The applicant must be the owner-occupant of a 1-3 family residential property;
- The property must be his/her primary residence;
- The applicant must be the borrower and the lender must be foreclosing on its mortgage loan.

The mediation proceedings will be held at the courthouse in the county of venue and the mediator's services are free.

Certain homeowners may also qualify for free foreclosure prevention housing counseling provided by counselors certified by the Department of Housing & Urban Development (HUD) and the New Jersey Housing & Mortgage Finance Agency (NJHMFA).

For more information, please call the Foreclosure Mediation Hotline at 1-888-989-5277. Operating hours are 8:00am to 6:00pm on Monday through Friday. Additional information is also available online at:

www.nj.gov/foreclosuremediation

www.judiciary.state.nj.us/civil/foreclosure/mediation.html