

**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**

**IN THE MATTER OF THE PETITION OF :  
PUBLIC SERVICE ELECTRIC AND GAS :  
COMPANY FOR A DETERMINATION :  
PURSUANT TO THE PROVISIONS OF :  
N.J.S.A. 40:55D-19 :  
(SUSQUEHANNA-ROSELAND) :**

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**BPU Docket: EM09010035**

**TESTIMONY OF HELENE JAROS  
ON BEHALF OF STOP THE LINES  
IN OPPOSITION TO  
SUSQUEHANNA-ROSELAND TRANSMISSION LINE PROJECT**

1 **I. Background**

2 **Q. Please state your name and business address**

3 **A.** My name is Helene Jaros, and my business address is Residential Home Funding Corp, 54  
4 Woodport Road, Sparta, New Jersey, 07871. However, my home address, 460 Stanhope  
5 Road, Sparta, New Jersey, 07971, is also important for the record, because we have  
6 transmission lines running through our property. The 230kV transmission tower is behind  
7 our home.

8 **A: By whom are you employed and in what capacity?**

9 **A.** I am the Controller of Residential Home Funding Corporation. My field is Mortgage  
10 Banking.

11 **Q. Please describe the purpose of your testimony.**

12 **A.** I have been asked by Stop the Lines to address various aspects of mortgage financing and  
13 eminent domain payments to landowners along the Susquehanna to Roseland 500 kV line. I  
14 want to testify because transmission lines have an impact on a person's ability to get a  
15 mortgage on a property, and the presence of a transmission line eliminates mortgage options  
16 from consideration.

17 **Q: What have you learned about transmission lines and mortgage financing?**

18 **A:** I have had to deal with transmission lines and mortgage financing both professionally and  
19 personally. Professionally, I have learned that FHA and VA mortgages have restrictions and  
20 prohibitions regarding financing mortgages where the property includes a transmission  
21 easement. When confronted with this issue, I did call the FHA to know whether they would  
22 waive that policy, and they replied that they would not, and there has been no waiver, and  
23 they will not consider any waivers. They were absolutely firm – they will not finance a home  
24 that includes a transmission easement. The reason my company does not have any

1 underwriting on this is because the appraiser notes when working on the appraisal and the  
2 appraisal stops at that point. When the appraisal stops, there will be no mortgage.

3 Personally, this issue has affected me. I am not able to get a FHA mortgage because  
4 the government considers transmission lines a hazardous risk. This an issue to me for my  
5 own property, and I had to find a different way to finance other than FHA.

6 **Q: Please explain the position of the U.S. Department of Housing and Urban  
7 Development regarding properties with transmission easements.**

8 **A:** The U.S. Department of Housing and Urban Development regards high-voltage  
9 transmission lines as a hazard and nuisance. First, in its rules regarding site requirements,  
10 site assessments, and eligibility for FHA mortgages, it addresses hazards and nuisances:

11 **2-2 SPECIAL NEIGHBORHOOD HAZARDS AND NUISANCES**

12  
13 Physical conditions in some neighborhoods are hazardous to the  
14 personal health and safety of residents and may endanger physical  
15 improvements. These conditions include unusual topography,  
16 subsidence, flood zones, unstable soils, traffic hazards and  
17 various types of grossly offensive nuisances.

18  
19 When reporting the appraisal, consider site hazards and  
20 nuisances.

21  
22 > If site hazards exist and cannot be corrected but do not meet  
23 the level of unacceptability, the appraisal must be based upon  
24 the current state.

25  
26 > If the hazard and/or nuisance endangers the health and safety  
27 of the occupants or the marketability of the property, mark  
28 "YES" in VC-1 and return the unfinished appraisal to the  
29 lender.

30  
31 (2-2) The lender, who is ultimately responsible for rejecting the  
32 site, relies on the appraiser's site analysis to make this  
33 determination. Guidelines for determining site acceptability  
34 follow. The appraiser is required to note only those readily  
35 observable conditions.

36  
37 **A. UNACCEPTABLE SITES**

38 FHA guidelines require that a site be rejected if the  
39 property being appraised is subject to hazards,  
40 environmental contaminants, noxious odors, offensive sights

1 or excessive noises to the point of endangering the physical  
2 improvements or affecting the livability of the property,  
3 its marketability or the health and safety of its occupants.  
4 Rejection may also be appropriate if the future economic  
5 life of the property is shortened by obvious and compelling  
6 pressure to a higher use, making a long-term mortgage  
7 impractical.

8  
9 These considerations for rejection apply on a case-by-case  
10 basis, taking into account the needs and desires of the  
11 purchaser. For example, a site should not be considered  
12 unacceptable simply because it abuts a commercial use; some  
13 commercial uses may not appeal to a specific market segment  
14 while other commercial uses may.

15  
16 If the condition is clearly a health and safety violation,  
17 reject the appraisal and return it to the lender. If there  
18 is any doubt as to the severity, report the condition and  
19 submit the completed report. The lender must clear the  
20 condition and may require an inspection or reject the  
21 property. For those conditions that cannot be repaired,  
22 such as site factors, the appraised value is based upon the  
23 existing conditions.

24  
25 Exhibit HJ-1, U.S. Dept. of Housing and Urban Development, Publication 4150.2, CHG-1, p.  
26 6-7<sup>1</sup>.

27  
28 Then, it goes on to address high-voltage transmission lines specifically, and the U.S.

29 Department of Housing and Urban Development policy about transmission lines is clear:

## 30 **J. OVERHEAD HIGH-VOLTAGE TRANSMISSION LINES**

31  
32 No dwelling or related property improvement may be located  
33 within the engineering (designed) fall distance of any pole,  
34 tower or support structure of a high-voltage transmission  
35 line, radio/TV transmission tower, microwave relay dish or  
36 tower or satellite dish (radio, TV cable, etc.). For field  
37 analysis, the appraiser may use tower height as the fall  
38 distance.

39  
40 For the purpose of this Handbook, a High-Voltage Electric  
41 Transmission Line is a power line that carries high voltage  
42 between a generating plant and a substation. These lines  
43 are usually 60 Kilovolts (kV) and greater, and are  
44 considered hazardous. Lines with capacity of 12-60 kV and

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<sup>1</sup> Entire publication available online:

<http://www.hud.gov/offices/adm/hudclips/handbooks/hsg/4150.2/41502c2HSGH.doc>

1 above are considered high voltage for the purpose of this  
2 Handbook. High voltage lines do not include local  
3 distribution and service lines.

4  
5 Low voltage power lines are distribution lines that commonly  
6 supply power to housing developments and similar facilities.  
7 These lines are usually 12 kV or less and are considered to  
8 be a minimum hazard. These lines may not pass directly over  
9 any structure, including pools, on the property being  
10 insured by HUD.

11  
12 > If the property is within the unacceptable distance,  
13 mark "YES" in VC-1.

14  
15 Exhibit HJ-2, U.S. Dept. of Housing and Urban Development, Publication 4150.2, CHG-1, p.  
16 11-12<sup>2</sup>

17 **Q: What percentage of the mortgages your company handles are FHA mortgages?**

18 **A:** By far the majority of our loans at Residential Home Funding Corp. are financed through  
19 the FHA (a/k/a HUD) program, close to 95% of our loans.

20 **Q: As one well versed in mortgage financing, what is your opinion of the socio-economic**  
21 **impact if parties are not able to secure a FHA loan because a transmission line is on or**  
22 **within “fall-down” distance of their property?**

23 **A:** It is very difficult to get a loan in this economy. With FHA loans, it is easier to get a  
24 mortgage because the applicable standards. We work nearly exclusively with FHA, and  
25 nationwide, about 70% of mortgages are FHA. We are one of the mortgage companies that  
26 does have this program, we focus on it, and it is the one we work well with. It is much more  
27 flexible generally, and in this market specifically. The program was created to help people  
28 get a mortgage, they don't require looking at credit score, and give a much better rate – they  
29 want people to get a mortgage and they work with you. Banks do this from a different  
30 perspective, examine credit score, look closely at the risk, and with the additional risk of

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<sup>2</sup> Entire publication available online:  
<http://www.hud.gov/offices/adm/hudclips/handbooks/hsg/4150.2/41502c2HSGH.doc>

1 transmission, they will not consider it. In a situation where the federal government says no,  
2 the private banks are even more unlikely to finance. This transmission line already has an  
3 impact on landowners along the route, and with the upgrade of the 230kV line and addition of  
4 the 500kV line, the negative impact will be exacerbated.

5 **Q: Are there other federal mortgage restrictions?**

6 **A:** Yes, the Veterans Administration (VA) also places restrictions on mortgages of property  
7 near high-voltage transmission lines:

8           No part of any residential structure may be located within a high voltage electric  
9           transmission line easement.

10

11           Any detached improvements even partially in a transmission line easement will not  
12           receive value for VA purposes.

13

14 Exhibit HJ-3, VA Pamphlet 26-7, p. 13<sup>3</sup>.

15 **Q: Do you professionally work with VA loans?**

16 **A:** Yes, we work with VA loans, and their restrictions are the same as those of the FHA.

17 **Q: Should the BPU consider these federal standards in its review of the Susquehanna-**  
18 **Roseland transmission project?**

19 **A:** Yes, it is my professional and personal opinion that the BPU should consider that the FHA  
20 and VA will not finance property with a transmission easement because they have deemed  
21 transmission lines hazardous and a nuisance. The BPU, if they agree with going ahead with  
22 this line and agree with PSE&G and PJM, if they go ahead with this, they are disregarding  
23 the federal standard.

24 **Q: Does this conclude your testimony?**

25 **A:** Yes, it does.

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<sup>3</sup> Complete document available online: <http://www.hud.gov/offices/adm/hudclips/handbooks/lh95/26-7c12LH95.pdf>