

CHAPTER 15

**RESIDENTIAL MORTGAGE LENDERS;
CORRESPONDENT MORTGAGE LENDERS;
MORTGAGE BROKERS; QUALIFIED INDIVIDUAL
LICENSEES; MORTGAGE LOAN ORIGINATORS**

Authority

N.J.S.A. 17:1-8, 8.1 and 15(e), 17:1C-33 et seq. and 17:11C-49.

Source and Effective Date

R.2008 d.70, effective February 26, 2008.
See: 39 N.J.R. 4361(a), 40 N.J.R. 1826(b).

Chapter Expiration Date

Chapter 15, Residential Mortgage Lenders; Correspondent Mortgage Lenders; Mortgage Brokers; Qualified Individual Licensees; Mortgage Loan Originators, expires on February 26, 2013.

Chapter Historical Note

Chapter 15, Licensed Lenders: Mortgage Bankers; Correspondent Mortgage Bankers; Mortgage Brokers; Secondary Lenders; Consumer Lenders and Sales Finance Companies was adopted by R.1997 d.183 effective April 21, 1997. See: 29 N.J.R. 525(a), 29 N.J.R. 1509(a).

Subchapter 5, Tangible Net Worth, Net Worth, Liquid Assets, Insolvency, Subchapter 6, Books and Records; Examinations; Annual Reports, Subchapter 7, Insurance, Subchapter 8, Advertising, Subchapter 9, Permissible Fees, Subchapter 10, Characteristics of Loans, Subchapter 11, Other Permissible Lines of Business for Consumer Lenders and Subchapter 12, Imposition of Administrative Penalties, were adopted as R.1997 d.257, effective June 16, 1997. See: 29 N.J.R. 1489(a), 29 N.J.R. 2641(a).

Chapter 15, Licensed Lenders: Mortgage Bankers; Correspondent Mortgage Bankers; Mortgage Brokers; Secondary Lenders; Consumer Lenders and Sales Finance Companies was readopted as R.2002 d.353 effective October 10, 2002. See: 34 N.J.R. 1775(a), 34 N.J.R. 3795(a).

Chapter 15, Licensed Lenders: Mortgage Bankers; Correspondent Mortgage Bankers; Mortgage Brokers; Secondary Lenders; Consumer Lenders and Sales Finance Companies, was readopted as R.2008 d.70, effective February 26, 2008. See: Source and Effective Date. See, also, section annotations.

Chapter 15, Licensed Lenders: Mortgage Bankers; Correspondent Mortgage Bankers; Mortgage Brokers; Secondary Lenders; Consumer Lenders and Sales Finance Companies, was renamed Residential Mortgage Lenders; Correspondent Mortgage Lenders; Mortgage Brokers; Qualified Individual Licensees; Mortgage Loan Originators; Subchapter 5, Tangible Net Worth, Net Worth, Liquid Assets, Insolvency, was renamed Tangible Net Worth, Insolvency, and Subchapter 11, Other Permissible Lines of Business for Consumer Lenders, was repealed by R.2010 d.129, effective June 21, 2010 (operative July 31, 2010). See: 41 N.J.R. 2829(a), 42 N.J.R. 1139(b).

CHAPTER TABLE OF CONTENTS

SUBCHAPTER 1. GENERAL PROVISIONS

- 3:15-1.1 Purpose and scope
- 3:15-1.2 Definitions
- 3:15-1.3 Office requirement
- 3:15-1.4 License name
- 3:15-1.5 License names permitted
- 3:15-1.6 Grounds for denying use of alternate or trade names

- 3:15-1.7 Display and availability of license
- 3:15-1.8 Authority of the Commissioner to oversee implementation of the Act

SUBCHAPTER 2. LICENSING

- 3:15-2.1 Who must be licensed; exemptions
- 3:15-2.2 Application for a business license
- 3:15-2.3 Application for licensure as a qualified individual licensee or mortgage loan originator
- 3:15-2.4 Branch offices; branch licensing requirement; initial branch licensing application
- 3:15-2.5 Application for renewal of a business license
- 3:15-2.6 Branch offices; renewal of branch licenses
- 3:15-2.7 Late renewal of business and/or branch licenses; late filing fees; reinstatement fees
- 3:15-2.8 Inactive license status; application fee
- 3:15-2.9 Conversion of mortgage lender and mortgage broker licenses
- 3:15-2.10 Pre-licensing education requirements for mortgage loan originators and qualified individual licensees
- 3:15-2.11 Licensing examination requirements for mortgage loan originators and qualified individual licensees
- 3:15-2.12 Continuing education requirements for renewal as an mortgage loan originator or qualified individual licensee
- 3:15-2.13 Responsibilities and replacement of a business licensee's qualified individual licensee
- 3:15-2.14 Requirements regarding licenses and renewal of the licenses of mortgage loan originators and qualified individual licensees
- 3:15-2.15 Late renewal of an individual license; late filing fees
- 3:15-2.16 Sale or transfer or change of control of business licensee
- 3:15-2.17 Discontinuation of lender or broker business activity
- 3:15-2.18 Licensee notification requirements

SUBCHAPTER 3. BONDING

- 3:15-3.1 Bond requirements
- 3:15-3.2 Beneficiaries of bond coverage
- 3:15-3.3 Coverage of the bond; compensable claims
- 3:15-3.4 Original bond or rider required; changes in surety companies or bonds
- 3:15-3.5 Notice to Department required before cancelling bond coverage
- 3:15-3.6 Surety companies to notify Department of claims; claims payable only at the direction of the Department
- 3:15-3.7 Publication of notices of bond claims by the Department
- 3:15-3.8 Priority of claims against bonds

SUBCHAPTER 4. FEES

- 3:15-4.1 Fees associated with licensing
- 3:15-4.2 through 3:15-4.3 (Reserved)

SUBCHAPTER 5. TANGIBLE NET WORTH, INSOLVENCY

- 3:15-5.1 Applicability of provisions
- 3:15-5.2 Accounting method for determining tangible net worth
- 3:15-5.3 Requirement to demonstrate and maintain tangible net worth
- 3:15-5.4 Failure to maintain tangible net worth; action by the Department

**SUBCHAPTER 6. BOOKS AND RECORDS;
EXAMINATIONS; ANNUAL REPORTS**

- 3:15-6.1 Methods and accounting for business licensees
- 3:15-6.2 Reproduction of documents
- 3:15-6.3 Location of books, records, accounts and other documents pertaining to a business; records retention
- 3:15-6.4 Loan application recordkeeping requirements for business licensees

- 3:15-6.5 Loan documentation file requirements for business licensees
- 3:15-6.6 Documentation requirement related to the charging of certain fees by business licensees
- 3:15-6.7 Ledger card and document retention requirement for mortgage lenders making secondary mortgage loans
- 3:15-6.8 Documentation
- 3:15-6.9 Retention of advertisements
- 3:15-6.10 Copy of examination reports to licensee
- 3:15-6.11 Charges for investigations
- 3:15-6.12 Reports to the Department
- 3:15-6.13 through 3:15-6.16 (Reserved)

SUBCHAPTER 7. INSURANCE

- 3:15-7.1 Insurance matters for mortgage lenders
- 3:15-7.2 Insurance provisions applicable to mortgage lenders on secondary mortgage loans

SUBCHAPTER 8. ADVERTISING

- 3:15-8.1 Advertising and insurance costs
- 3:15-8.2 Information required to be included in all advertisements
- 3:15-8.3 Prohibited types of advertising; exceptions

SUBCHAPTER 9. PERMISSIBLE FEES

- 3:15-9.1 Fees permitted to be charged by mortgage lenders, correspondent mortgage lenders, and mortgage brokers
- 3:15-9.2 Fees permitted to be charged for secondary mortgage loans

SUBCHAPTER 10. CHARACTERISTICS OF LOANS

- 3:15-10.1 Provisions applicable to all licensees
- 3:15-10.2 Secondary mortgage loans
- 3:15-10.3 First mortgage loans
- 3:15-10.4 (Reserved)

SUBCHAPTER 11. (RESERVED)

SUBCHAPTER 12. IMPOSITION OF ADMINISTRATIVE PENALTIES

- 3:15-12.1 Initiation of action
- 3:15-12.2 Failure to respond to notice
- 3:15-12.3 Consent to an administrative penalty
- 3:15-12.4 Request for a hearing

SUBCHAPTER 1. GENERAL PROVISIONS

3:15-1.1 Purpose and scope

(a) This chapter implements the New Jersey Residential Mortgage Lending Act, N.J.S.A. 17:11C-51 et seq.

(b) This chapter shall apply to residential mortgage lenders, correspondent mortgage lenders, residential mortgage brokers, qualified individual licensees and mortgage loan originators licensed under the Act and those whose activities require they be licensed.

Amended by R.1999 d.191, effective June 21, 1999 (operative July 21, 1999).

See: 30 N.J.R. 1658(a), 31 N.J.R. 1609(a).

In (a), changed New Jersey Licensed Lenders Act reference.

Amended by R.2002 d.353, effective November 4, 2002.

See: 34 N.J.R. 1775(a), 34 N.J.R. 3795(a).

Rewrote the section.

Amended by R.2010 d.129, effective June 21, 2010 (operative July 31, 2010).

See: 41 N.J.R. 2829(a), 42 N.J.R. 1139(b).

In (a), substituted "Residential Mortgage Lending" for "Licensed Lenders" and updated the N.J.S.A. reference; and rewrote (b).

3:15-1.2 Definitions

The following words and terms, when used in this chapter, shall have the following meaning unless the context clearly indicates otherwise.

"Accrual basis of accounting" means the accounting method by which expenses are recorded when incurred, whether paid or unpaid, and income is recorded when earned, whether received or not received.

"Act" means the "New Jersey Residential Mortgage Lenders Act," N.J.S.A. 17:11C-51 et seq.

"Advertisement" means any announcement, statement, assertion, or representation that is placed before the public in a newspaper, magazine, or other publication or in the form of a notice, circular, pamphlet, letter or poster or over any radio or television station, by means of the internet or by other electronic means of distributing information, or in any other way.

"Alternate name" means an alternate name of a licensed person other than an individual registered pursuant to N.J.S.A. 14A:2-2.1(2) or 42:2B-4b.

"Application" means the document or documents or information, including the payment of any fees, that a particular lender or broker requires a borrower to submit for the purpose of having the lender or broker begin to process the mortgage loan document or documents to determine whether to grant or deny a loan.

"Application fee" shall have the meaning of that term in N.J.A.C. 3:1-16.2.

"Appraisal fee" shall have the meaning of that term in N.J.A.C. 3:1-16.2.

"Borrower" means any person applying for a loan from a lender licensed under the Act, whether or not the loan is granted, and any person who has actually obtained such a loan.

"Branch office" means any location where, in the regular course of business, applications for mortgage loans are distributed to or received from consumers, loan records are maintained, underwriting decisions are made, commitments or lock-in agreements are issued, or any fees or charges relating to the loan are received from consumers.

1. A home or place of business of a consumer shall not be considered a branch office.

2. A location shall not be considered a branch office merely because any or all of the following activities are conducted at the location: