

TITLE 11

DEPARTMENT OF INSURANCE

CHAPTER 5

REAL ESTATE COMMISSION

Authority

N.J.S.A. 45:15-6.

Source and Effective Date

R.1993 d.552, effective October 15, 1993.
See: 25 N.J.R. 3597(b), 25 N.J.R. 5229(a).

Executive Order No. 66(1978) Expiration Date

Chapter 5; Real Estate Commission, expires on October 15, 1998.

Chapter Historical Note

Chapter 5, Real Estate Commission; Subchapter 1, Rules and Regulations, was filed and became effective prior to September 1, 1969. Pursuant to Executive Order No. 66(1978), Chapter 5 expired on August 2, 1983, and subsequently was adopted as new rules by R.1983 d.471, effective November 7, 1983. See: 15 N.J.R. 1343(a), 15 N.J.R. 1865(c). Pursuant to Executive Order No. 66(1978), Chapter 5 was readopted as R.1988 d.555, effective October 28, 1988. See: 20 N.J.R. 2184(a), 20 N.J.R. 3019(a).

Subchapter 2, Organizational Rules, was adopted as R.1989 d.258, effective April 19, 1989. See: 21 N.J.R. 1364(a). Subchapter 3, Petitions for Rulemaking; Subchapter 4, Proceedings before the Commission, and Subchapter 5, Appeals of Initial Denials of Licensing Applications, were adopted as R.1989 d.429, effective August 21, 1989. See: 21 N.J.R. 1315(a), 21 N.J.R. 2524(a). Subchapter 6, Rules Interpreting and Implementing the Real Estate Sales Full Disclosure Act, N.J.S.A. 45:15-16.27 et seq., was adopted as R.1990 d.455, effective September 17, 1990. See: 22 N.J.R. 1421(a), 22 N.J.R. 2969(d).

Pursuant to Executive Order No. 66(1978), Chapter 5 was readopted as R.1993 d.552. See: Source and Effective Date. See, also, section annotations for specific rulemaking activity.

CHAPTER TABLE OF CONTENTS

SUBCHAPTER 1. RULES AND REGULATIONS

- 11:5-1.1 Disciplinary action; restitution
- 11:5-1.2 Salesperson's license; age requirement
- 11:5-1.3 Qualifications for licensing; broker and broker salesperson
- 11:5-1.4 Qualifications for corporate, limited partnership and general partnership licensing
- 11:5-1.5 Examination rules
- 11:5-1.6 through 11:5-1.7 (Reserved)
- 11:5-1.8 Special accounts for funds of others; commingling
- 11:5-1.9 Funds of others; safeguards
- 11:5-1.10 Employment agreements; commissions; accounting to salespersons; actions for collection of compensation
- 11:5-1.11 Advance fees; accounting
- 11:5-1.12 Permanent type records to be maintained by broker
- 11:5-1.13 Inspection of records
- 11:5-1.14 Use of license for the benefit of others
- 11:5-1.15 Advertising rules
- 11:5-1.16 Contracts of sale, leases and listing agreements
- 11:5-1.17 Participation in trade associations or listing services
- 11:5-1.18 Maintained offices
- 11:5-1.19 Branch office compliance with N.J.A.C. 11:5-1.18 (Maintained offices)
- 11:5-1.20 Payment of fees as prescribed by statute
- 11:5-1.21 Employment of salesperson sponsored by broker

- 11:5-1.22 Broker insurance placement provision
- 11:5-1.23 Obligations of licensees to the public and to each other
- 11:5-1.24 Return of license when broker ceases to be active; office closing; change of broker of record
- 11:5-1.25 (Reserved)
- 11:5-1.26 Blockbusting; solicitation
- 11:5-1.27 Educational requirements for salespersons and brokers in making application for licensure examination
- 11:5-1.28 Licensed schools and instructors; requirements
- 11:5-1.29 Criminal history record check
- 11:5-1.30 Sponsoring of license applications or transfers of license
- 11:5-1.31 Expediting of license issuance and transfer procedures
- 11:5-1.32 Residential rental referral agencies
- 11:5-1.33 Proscription of price-fixing and agreements in regard to methods of arriving at commission
- 11:5-1.34 Proscription of certain discriminatory commission splits
- 11:5-1.35 Proscription on pressuring media
- 11:5-1.36 Real estate guaranty fund
- 11:5-1.37 (Reserved)
- 11:5-1.38 Prohibition against licensees receiving dual compensation for dual representation in the sale or rental transaction
- 11:5-1.39 Prohibition against kickbacks for related business referrals
- 11:5-1.40 Disclosures by licensees providing mortgage financing services to buyers for a fee
- 11:5-1.41 Disclosure of licensee's affiliation with a mortgage lender or mortgage broker to whom the licensee refers buyers
- 11:5-1.42 Licensees with in-house mortgage services prohibited from excluding all outside mortgage solicitors
- 11:5-1.43 Consumer Information Statement
- 11:5-1.44 Collection of Social Security numbers of licensees

SUBCHAPTER 2. ORGANIZATIONAL RULES

- 11:5-2.1 Commission responsibilities
- 11:5-2.2 Organization of the Commission
- 11:5-2.3 Functions of the Commission
- 11:5-2.4 Information available to the public
- 11:5-2.5 Commission records open to public inspection; investigative files not open to the public

SUBCHAPTER 3. PETITIONS FOR RULEMAKING

- 11:5-3.1 Petitions for rulemaking—scope
- 11:5-3.2 Procedure for the submission of petitions for rulemaking
- 11:5-3.3 Procedure for the consideration and disposition of rulemaking petitions
- 11:5-3.4 Public hearings for promulgation, amending or repealing rules

SUBCHAPTER 4. PROCEEDINGS BEFORE THE COMMISSION

- 11:5-4.1 Pleadings enumerated and defined
- 11:5-4.2 Answers
- 11:5-4.3 Adversary hearing determination by the Commission
- 11:5-4.4 Motions
- 11:5-4.5 Conference hearing procedure
- 11:5-4.6 Sanctions: failure to answer or appear; default
- 11:5-4.7 Settlements
- 11:5-4.8 Decisions in enforcement actions
- 11:5-4.9 Applications for temporary suspension

SUBCHAPTER 5. APPEALS OF INITIAL DENIALS OF LICENSING APPLICATIONS

- 11:5-5.1 Procedures applicable to appeals of initial denials of licensing applications

SUBCHAPTER 6. RULES INTERPRETING AND IMPLEMENTING THE REAL ESTATE SALES FULL DISCLOSURE ACT, N.J.S.A. 45:15-16.27 ET SEQ.

- 11:5-6.1 Applicability and scope
- 11:5-6.2 Definitions
- 11:5-6.3 Forms of documents
- 11:5-6.4 Contents of applications for registration
- 11:5-6.5 Public Offering Statements
- 11:5-6.6 Representation of applicants and registrants by New Jersey real estate brokers
- 11:5-6.7 Fees with respect to the sale of interstate properties
- 11:5-6.8 Issuance by the Commission of a Notice of Filing
- 11:5-6.9 Inspection of properties by the Commission
- 11:5-6.10 Amendments to registration applications and Public Offering Statements
- 11:5-6.11 Annual reporting upon and the termination of registrations
- 11:5-6.12 Home builders
- 11:5-6.13 Grounds for denial of registration applications and for the revocation of Orders of Registration
- 11:5-6.14 Advertising and sales promotions with respect to the sale or marketing of registered properties
- 11:5-6.15 Compliance with situs state requirements
- 11:5-6.16 Improvements to be made at registered properties
- 11:5-6.17 Street identification requirements
- 11:5-6.18 Contracts for the purchase of an interest in a registered property
- 11:5-6.19 Exemptions from the provisions of N.J.S.A. 45:15-16.27 et seq.

SUBCHAPTER 1. RULES AND REGULATIONS

11:5-1.1 Disciplinary action; restitution

(a) Violation of any of these rules and regulations, or of any real estate statute, shall be sufficient cause for any disciplinary action permitted by statute.

(b) In accordance with the provisions of N.J.S.A. 45:15-9 and N.J.S.A. 45:15-17, the Commission, in appropriate circumstances, will exercise its authority to impose restitution of moneys owed others as a condition to the issuance of a license or to the reinstatement of a license after revocation or suspension.

(c) The Commission may, where the nature of the offense so warrants, impose as a condition to any future license restoration, the successful accomplishment of a written examination of the same type normally given to applicants for initial licenses.

As amended, R.1977 d.392, effective October 19, 1977.

See: 9 N.J.R. 438(a), 9 N.J.R. 536(b).

As amended, R.1983 d.471, effective November 7, 1983.

See: 15 N.J.R. 1343(a), 15 N.J.R. 1865(c).

Subsection (c) added.

Case Notes

Broker's disclosure to Real Estate Commission of appellate court's decision that competing broker had tortiously interfered with exclusive contract and with prospective economic advantage implicated the public interest so as to be protected by Conscientious Employee Protection Act. *Barratt v. Cushman & Wakefield of New Jersey, Inc.*, 144 N.J. 120, 675 A.2d 1094 (1966).

Criminal conviction did not warrant revocation of broker-salesperson license. *Real Estate Commission of New Jersey v. McLeod*, 94 N.J.A.R.2d (REC) 29.

Revocation of real estate license and assessment of penalties were appropriate. *New Jersey Real Estate Commission v. Sabia*, 94 N.J.A.R.2d (REC) 23.

Real estate broker license placed on probation and fine imposed. *Real Estate Commission v. Zappia*, 94 N.J.A.R.2d (REC) 11.

Six-month suspension and imposition of penalty was justified. *New Jersey Real Estate Commission v. Donnon*, 94 N.J.A.R.2d (REC) 1.

Making false representation as being owner of real estate brokerage, collecting commission from person other than employing broker, and commingling of funds; revocation of salespersons' licenses and imposition of fines. *New Jersey Real Estate Commission v. Ballman*, 93 N.J.A.R.2d (REC) 17.

Commingling of funds, accounting failures, as well as other violations, warranted permanent revocation of broker/salesperson license and imposition of fine. *New Jersey Real Estate Commission v. Duffy*, 93 N.J.A.R.2d (REC) 13.

Failure to file income tax return; broker/salesperson license revoked. *New Jersey Real Estate Commission v. McLeod*, 93 N.J.A.R.2d (REC) 9.

Developer's failure to submit annual reports; registration revoked, fine imposed, order to cease and desist marketing of project issued. *New Jersey Real Estate Commission v. Cepco, Inc.* 92 N.J.A.R.2d (REC) 49.

Failure to account for deposit monies, commingling of funds, and engaging in business without license; salesperson's license revoked and fine imposed. *New Jersey Real Estate Commission v. Groff*. 92 N.J.A.R.2d (REC) 31.

Salesperson's failure to file answer to order to show cause or to make appearance before New Jersey Real Estate Commission warranted license suspension. *New Jersey Real Estate Commission v. Grennor*. 92 N.J.A.R.2d (REC) 29.

Salesperson procured real estate license by fraud, misrepresentation and deceit by failing to reveal having pled guilty to charge one week before executing application and licensing form; suspension and fine. *New Jersey Real Estate Commission v. Cordaro*. 92 N.J.A.R.2d (REC) 17.

Failure to disclose convictions; salesperson's license suspended. *New Jersey Real Estate Commission v. Fields*. 92 N.J.A.R.2d (REC) 15.

Criminal convictions warranted revocation of real estate salesperson's license. *New Jersey Real Estate Commission v. Szatkowski*. 92 N.J.A.R.2d (REC) 13.

Federal conspiracy to falsify claims and statements and of fraud warranted salesperson's license revocation. *New Jersey Real Estate Commission v. Lanza*. 92 N.J.A.R.2d (REC) 5.

Theft conviction warranted two-year revocation of salesperson's license. *New Jersey Real Estate Commission v. Rosko*. 92 N.J.A.R.2d (REC) 2.

False voter registration and tampering with public records convictions warranted suspension of real estate salesperson's license. *New Jersey Real Estate Commission v. Federico*. 92 N.J.A.R.2d (REC) 1.

11:5-1.2 Salesperson's license; age requirement

(a) No salesperson's license shall be issued to any person who has not attained the age of 18 years.