

**3:17-3.2 Original notes and material**

An envelope or other file must be maintained in which shall be filed all the original notes, security agreements or other evidences of indebtedness or security, which have been signed by the borrower.

**Statutory References**

N.J.S.A. 17:10-12

**3:17-3.3 Index**

An index of all borrowers, comakers, endorsers, guarantors or sureties shall be maintained. Such index shall be alphabetical, showing the name of the borrower, loan number, date of loan and amount of loan.

**Statutory References**

N.J.S.A. 17:10-12

**3:17-3.4 Maintenance of general ledger**

(a) Companies operating more than one licensed office may maintain the general ledger at their home office, providing the trial balance or balance sheet and profit and loss statement of the licensed office are available to the examiner at the licensed office upon request.

(b) A licensee may keep its consumer loan records at either a licensed site located in a state other than this State, or an unlicensed site located in this State, provided that, in either instance, the licensee secures the prior approval of the Department of Banking. The approval of the Department will be given only if the licensee enters into an agreement with the Department governing keeping records at the site. The provisions of the agreement shall include, but shall not be limited to the designation of the site where the records will be maintained, the fees and expenses chargeable by the Department for conducting examinations, and the right of the Department to rescind the agreement.

Amended by R.1991 d.362, effective July 15, 1991.  
See: 23 N.J.R. 803(a), 23 N.J.R. 2122(a).

Added (b), allowing licensees to keep records at licensed sites outside of this State or unlicensed sites inside the State if they have entered into an agreement with the Department.

**Statutory References**

N.J.S.A. 17:10-12

**3:17-3.5 Nonjudicial foreclosure records**

In cases of nonjudicial foreclosures of security, records of such foreclosures and sales must be kept for at least two years.

**Statutory References**

N.J.S.A. 17:10-12

**3:17-3.6 Judgment notes**

(a) When a note has been reduced to judgment, the files of the licensee must contain the following information:

1. Date of judgment;
2. Judgment debtor's name and address;
3. Date suit filed;
4. Nature of the suit;
5. Name and location of the court;
6. Amount of judgment, showing the separate items comprised in the judgment as follows:
  - i. Principal;
  - ii. Interest;
  - iii. Attorney's fees;
  - iv. Court cost (itemized);
  - v. Total amount of judgment.
7. A description of the legal procedures followed to enforce the judgment.

**Statutory References**

N.J.S.A. 17:10-12

**3:17-3.7 Motor vehicle liens**

Whenever a loan is secured by a lien on a motor vehicle, it shall be the responsibility of the licensee to see that the title to the motor vehicle is in the name of the borrower. If the motor vehicle used as security is the property of a comaker, surety or guarantor, then the title of such motor vehicle shall be in the name of the comaker, surety or guarantor.

**Statutory References**

N.J.S.A. 17:10-12

**3:17-3.8 (Reserved)**

Repealed by R.1991 d.354, effective July 15, 1991.  
See: 23 N.J.R. 1234(a), 23 N.J.R. 2121(a).

Formerly rules regarding acceptance of equivalent records by Commissioner.

**3:17-3.9 Examinations**

The Department may, at any time and as often as the Commissioner deems necessary, investigate the loans and business and examine the books, accounts, records, and files used therein, of every licensee and of every person, copartnership, association, and corporation engaged in the consumer loan business. The entity examined shall pay to the Commissioner the actual cost of the examination on a per diem basis.

Emergency new rule, R.1989 d.408, effective July 3, 1989 (expires September 1, 1989).

See: 21 N.J.R. 2399(a).  
 Adopted concurrent proposal, R.1989 d.511, effective August 31, 1989.  
 See: 21 N.J.R. 2399(a), 21 N.J.R. 3083(a).  
 Provisions of emergency amendment R.1989 d.408 readopted without change.

## SUBCHAPTER 4. GENERAL

### 3:17-4.1 Copies of papers signed by borrower

On request, a borrower shall be given a copy of every paper he is required to sign.

#### Statutory References

N.J.S.A. 17:10-15

### 3:17-4.2 Blank forms; dispersal

No licensee shall permit a supply of blank notes, chattel mortgages, security agreements, applications or other forms to be placed in any store, office, salesroom or at any place of business other than that designated in the license.

#### Statutory References

N.J.S.A. 17:10-13

### 3:17-4.3 Solicitation of business

No licensee shall endeavor to solicit any business through any person, firm or corporation by paying or offering to pay, either directly or indirectly, for any such business recommended to the licensee by any such person, firm or corporation.

#### Statutory References

N.J.S.A. 17:10-13

### 3:17-4.4 (Reserved)

#### Historical Note

This section contained material concerning authorization to engage in the secondary mortgage loan business, and was repealed by R.1981 d.257, effective July 9, 1981. See: 13 N.J.R. 115(e), 13 N.J.R. 384(a).

## SUBCHAPTER 5. INSURANCE

### 3:17-5.1 Purchase of insurance policy

No borrower shall be required to purchase any policy of insurance from any certain company, agent, broker or person as a condition precedent to a loan.

#### Statutory References

N.J.S.A. 17:10-14.1

### 3:17-5.2 Licensee's responsibility to borrower

It shall be the licensee's responsibility to explain clearly to each borrower the benefits and limitations of the credit life or health or disability insurance coverage.

#### Statutory References

N.J.S.A. 17:10-14.1

### 3:17-5.3 Authorized insurance companies

No insurance shall be sold in connection with a loan except with insurance companies duly authorized to do business in this State.

#### Statutory References

N.J.S.A. 17:10-14.1

### 3:17-5.4 Records of insurance

Every licensee shall keep a record of all credit life or health or disability insurance written, premiums collected, refunds of the unearned premiums caused by payment in full of an amount or by renewal and a detailed record of all claims paid by the insurer.

#### Statutory References

N.J.S.A. 17:10-14.1

### 3:17-5.5 Refund of insurance charges

When a loan contract is repaid in full or renewed, the borrower shall receive a refund of the insurance charges. The required refund shall be computed by the "Sum of the Digits Method" commonly known as the "Rule of 78ths". When the refund of the insurance charges is less than \$1.00, no refund is required.

#### Statutory References

N.J.S.A. 17:10-14.1

### 3:17-5.6 Insurance termination

In the event of termination of the insurance prior to the scheduled maturity date of the indebtedness, any refund due of premium shall be credited promptly to the borrower's account.

#### Statutory References

N.J.S.A. 17:10-14.1

### 3:17-5.7 Ineffective insurance

If the creditor collects a payment from a debtor for credit life or health or disability insurance and such insurance does not become effective, the creditor shall immediately give written notice to such debtor and shall promptly refund to or credit to the account of the debtor the amount collected from him or charged to him for such insurance.