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Murphy signs bills aimed at helping those facing foreclosure
Associated Press State Wire: New Jersey (NJ) - April 29, 2019

Murphy Signs Bills Targeting State's Foreclosure Crisis
New Jersey Law Journal, April 30, 2019

Murphy signs 9 bills to alleviate NJ foreclosure crisis
NJBIZ (New Brunswick, NJ) - April 30, 2019

Murphy takes aim at state's foreclosure rate
Star-Ledger, The (Newark, NJ) - April 30, 2019

Murphy signs foreclosure laws in A.C. - Murphy signs foreclosure package in Atlantic City
Press of Atlantic City, The (NJ) - April 30, 2019

Murphy acts to combat foreclosure crisis
Burlington County Times (Willingboro, NJ) - April 30, 2019

Gov. takes aim at N.J. foreclosures
Hunterdon County Democrat (Flemington, NJ) - May 2, 2019

Foreclosure bill signed into law - Trenton. Gov. Phil Murphy signs measure that will tackle surge in New Jersey's foreclosures and streamline pending cases.
Advertiser-News, The (Sussex County, NJ) - May 10, 2019

Also of possible interest to researchers:

Public hearing before Assembly Housing and Community Development Committee: the Committee will receive testimony from invited guests and the public concerning foreclosures and vacant properties in the State [September 20, 2018, Union, New Jersey]
Call number 974.90 H842, 2018b
Available online at <http://hdl.handle.net/10929/49433>

RWH/JA

P.L. 2019, CHAPTER 65, *approved April 29, 2019*
Assembly, No. 4997 (*First Reprint*)

1 AN ACT concerning licensing of mortgage servicers ¹**[and]**,¹
2 supplementing Title 17 of the Revised Statutes ¹and amending
3 P.L.2005, c.199¹.
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 1. (New section) This act shall be known and may be cited as
9 the “Mortgage Servicers Licensing Act.”
10

11 2. (New section) As used in this act:

12 “Branch office” means a location other than the main office at
13 which a licensee or any person on behalf of a licensee acts as a
14 mortgage servicer.

15 “Commissioner” means the Commissioner of Banking and
16 Insurance.

17 “Control” means the power, directly or indirectly, to direct the
18 management or policies of a company, whether through ownership
19 of securities, by contract or otherwise.

20 “Control person” means an individual that directly or indirectly
21 exercises control over any person that:

22 (1) is a director, general partner or executive officer;

23 (2) in the case of a corporation, directly or indirectly has the
24 right to vote 10 percent or more of a class of any voting security or
25 has the power to sell or direct the sale of 10 percent or more of any
26 class of voting securities;

27 (3) in the case of a limited liability company, is a managing
28 member; or

29 (4) in the case of a partnership, has the right to receive upon
30 dissolution, or has contributed, 10 percent or more of the capital,
31 shall be presumed to be a control person.

32 “Department” means the Department of Banking and Insurance.

33 “Individual” means a natural person.

34 “Mortgage servicer” means:

35 (1) any person, wherever located, who, for the person or on
36 behalf of the holder of a residential mortgage loan, receives
37 payments of principal and interest in connection with a residential
38 mortgage loan, records the payments on the person’s books and

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AHO committee amendments adopted March 7, 2019.

1 records and performs the other administrative functions as may be
2 necessary to properly carry out the mortgage holder's obligations
3 under the mortgage agreement including, when applicable, the
4 receipt of funds from the mortgagor to be held in escrow for
5 payment of real estate taxes and insurance premiums and the
6 distribution of the funds to the taxing authority and insurance
7 company; and

8 (2) includes a person who makes payments to borrowers
9 pursuant to the terms of a home equity conversion mortgage or
10 reverse mortgage.

11 "Mortgagee" means the grantee of a residential mortgage,
12 provided if the residential mortgage has been assigned of record,
13 "mortgagee" means the last person to whom the residential
14 mortgage has been assigned of record.

15 "Mortgagor" means any person obligated to repay a residential
16 mortgage loan.

17 "Office" means a main office or branch office.

18 "Residential mortgage loan" means a loan made to a natural
19 person or persons to whom credit is offered or extended primarily
20 for personal, family or household purposes which is secured by a
21 mortgage constituting a lien upon real property located in this State
22 on which there is erected or to be erected a structure containing one,
23 two, three, four, five, or six dwelling units, a portion of which
24 structure may be used for nonresidential purposes, in the making of
25 which the mortgagee relies primarily upon the value of the
26 mortgaged property.

27 "Residential mortgage lender" means the same as "residential
28 mortgage lender" as defined in section 3 of P.L.2009, c.53
29 (C.17:11C-53).

30

31 3. (New section) a. On and after ¹**[January 1, 2019]** the
32 effective date of this act¹, no person shall act as a mortgage
33 servicer, directly or indirectly, without first obtaining a license
34 under section 4 of this act from the commissioner for its main
35 office, which shall be designated by the mortgage servicer, and each
36 branch office where business is conducted, unless the person is
37 exempt from licensure pursuant to subsection b. of this section.

38 b. The following persons shall be exempt from mortgage
39 servicer licensing requirements:

40 (1) any bank, out-of-state bank, credit union chartered in New
41 Jersey, federal credit union, or out-of-state credit union, provided
42 the bank or credit union is federally insured;

43 (2) any wholly-owned subsidiary of the bank or credit union;

44 (3) any operating subsidiary in situations in which each owner
45 of the operating subsidiary is wholly owned by the same bank or
46 credit union;

47 (4) any person licensed as a residential mortgage lender
48 pursuant to the "New Jersey Residential Mortgage Lending Act,"

1 P.L.2009, c.53 (C.17:11C-51 through C.17:11C-89) while acting as
2 a mortgage servicer, provided that:

3 (a) the person meets the supplemental mortgage servicer surety
4 bond, fidelity bond, and errors and omissions coverage
5 requirements under section 8 of this act; and

6 (b) during any period that the license of the residential mortgage
7 lender in this State has been suspended, the exemption shall not be
8 effective; and

9 (5) the New Jersey Housing and Mortgage Finance Agency.

10 c. The provisions of sections 9 through 12 of this act shall
11 apply to any person, including a person exempt from licensure
12 pursuant to subsection b. of this section, who acts as a mortgage
13 servicer in this State on or after ¹**[January 1, 2019]** the effective
14 date of this act¹.

15

16 4. (New section) a. The commissioner shall issue a mortgage
17 servicer license to an applicant if the commissioner finds that:

18 (1) the applicant has identified a qualified individual for its
19 main office, and a branch manager for each branch office where the
20 business is conducted, provided the qualified individual and branch
21 manager have supervisory authority over the mortgage servicer
22 activities at the respective office location and at least three years'
23 experience in the mortgage servicing business within the five years
24 immediately preceding the date of the application for licensure;

25 (2) the applicant, the control persons of the applicant, the
26 qualified individual and any branch manager with supervisory
27 authority at the office for which the license is sought, have not been
28 convicted of or pled guilty or nolo contendere to, in a domestic,
29 foreign, or military court, a felony during the seven-year period
30 preceding the date of the application for licensing, or a felony
31 involving an act of fraud or dishonesty, a breach of trust or money
32 laundering at any time preceding the date of application, except that
33 any pardon or expungement of a conviction shall not be a
34 conviction for purposes of this paragraph;

35 (3) the applicant demonstrates that the financial responsibility,
36 character and general fitness of the applicant, the control persons of
37 the applicant, the qualified individual and any branch manager
38 having supervisory authority over the office for which the license is
39 sought, warrant a determination that the applicant will operate
40 honestly, fairly and efficiently within the purposes of this act ¹.
41 Financial responsibility shall be demonstrated by submission of the
42 applicant's most recent audited financial statements and by such
43 other information and documents as the commissioner may require
44 by regulation;¹

45 (4) the applicant has met the surety bond, fidelity bond, and
46 errors and omissions coverage requirement under section 8 of this
47 act;

1 (5) the applicant has not made a material misstatement in the
2 application; and

3 (6) the applicant has met any other similar requirements as
4 determined by the commissioner.

5 If the commissioner fails to make the findings, the commissioner
6 shall not issue a license, and shall notify the applicant of the denial
7 and the reasons for the denial. For purposes of this subsection, the
8 level of offense of the crime and the status of any conviction,
9 pardon, or expungement shall be determined by reference to the law
10 of the jurisdiction where the case was prosecuted. In the event the
11 jurisdiction does not use the term “felony,” “pardon,” or
12 “expungement,” the terms shall include legally equivalent events.
13 For purposes of paragraph (1) of this subsection, “experience in the
14 mortgage servicing business” means paid experience in the:

15 (a) servicing of mortgage loans;

16 (b) accounting, receipt and processing of payments on behalf of
17 mortgagees or creditors; or

18 (c) supervision of these activities, or any other relevant
19 experience as determined by the commissioner.

20 b. An application for a license as a mortgage servicer or
21 renewal of the license shall be filed with the department, in a form
22 prescribed by the commissioner, and shall be accompanied by the
23 fees required by section 7 of this act. The applicant shall, at a
24 minimum, furnish to the department information concerning the
25 identity of the applicant, any control person of the applicant, the
26 qualified individual and any branch manager, including personal
27 history and experience in a form prescribed by the commissioner,
28 and information related to any administrative, civil or criminal
29 findings by any governmental jurisdiction. The applicant shall
30 notify the department of any change to the information submitted in
31 connection with its most recent application for licensure not later
32 than 15 days after the applicant has reason to know of the change.
33 For the purpose of this subsection, evidence of experience of the
34 qualified individual and any branch manager shall include:

35 (1) a statement specifying the duties and responsibilities of the
36 person’s employment, the term of employment, including month
37 and year, and the name, address and telephone number of a
38 supervisor, employer or, if self-employed, a business reference; and

39 (2) if required by the commissioner, copies of W-2 forms, 1099
40 tax forms or, if self-employed, 1120 corporate tax returns, signed
41 letters from the employer on the employer’s letterhead verifying the
42 person’s duties and responsibilities and term of employment
43 including month and year, and, if the person is unable to provide the
44 letters, other proof satisfactory to the commissioner that the person
45 meets the experience requirement. The commissioner may conduct
46 a criminal history records check of the applicant, any control person
47 of the applicant, the qualified individual and any branch manager
48 with supervisory authority at the office for which the license is
49 sought and require the applicant to submit the fingerprints of those

1 persons as part of the application. The commissioner is authorized
2 to exchange fingerprint data with and receive criminal history
3 record information from the State Bureau of Identification in the
4 Division of State Police and the Federal Bureau of Investigation
5 consistent with applicable State and federal laws, rules and
6 regulations, for the purposes of facilitating determinations
7 concerning licensure eligibility for the applicant, any control person
8 of the applicant, the qualified individual and any branch manager.
9 The applicant shall bear the cost for the criminal history record
10 background check, including all costs of administering and
11 processing the check. The Division of State Police shall promptly
12 notify the commissioner in the event any person who was the
13 subject of a criminal history record background check pursuant to
14 this section, is arrested for a crime or offense in this State after the
15 date the background check was performed, whether the person is a
16 prospective new licensee, or subsequently, a current license holder.

17 c. (1) The minimum standards for license renewal for a
18 mortgage servicer shall include the following:

19 (a) the applicant continues to meet the minimum standards
20 under subsection a. of this section ¹, including, but not limited to,
21 the financial responsibility requirement of paragraph (3) of
22 subsection a. of this section¹ ; and

23 (b) the mortgage servicer has paid all required fees for renewal
24 of the license.

25 (2) The license of a mortgage servicer that fails to satisfy the
26 minimum standards for license renewal shall expire. The
27 commissioner may adopt procedures for the reinstatement of
28 expired licenses. The commissioner may suspend a mortgage
29 servicer license if the licensee is in violation of any provision of
30 this act. After a license has been suspended pursuant to this section,
31 the commissioner shall give the licensee notice of the suspension,
32 pending proceedings for revocation or refusal to renew pursuant to
33 sections 14 and 15 of this act and an opportunity for a hearing on
34 the action and require the licensee to take or refrain from taking any
35 action that, in the opinion of the commissioner, is necessary to
36 effectuate the purposes of this act.

37 d. (1) Withdrawal of an application for a license filed under
38 this section shall become effective upon receipt by the
39 commissioner of a notice of intent to withdraw the application. The
40 commissioner may deny a license up to one year after the effective
41 date of withdrawal.

42 (2) If the license of a mortgage servicer expires due to the
43 licensee's failure to renew, the commissioner may institute a
44 revocation or suspension proceeding or issue an order suspending or
45 revoking the license pursuant to subsection a. of section 14 of this
46 act not later than one year after the date of the expiration.

47 e. The commissioner may deem an application for a license
48 under this section abandoned if the applicant fails to respond to any
49 request for information required under this act, or the regulations

1 adopted pursuant to this act. The commissioner shall notify the
2 applicant that if the information is not submitted within 60 days
3 from the date of the request, the application shall be deemed
4 abandoned. An application filing fee paid prior to the date an
5 application is deemed abandoned pursuant to this subsection shall
6 not be refunded. Abandonment of an application pursuant to this
7 subsection shall not preclude the applicant from submitting a new
8 application for a license.

9
10 5. (New section) At least annually, a mortgage servicer shall
11 file with the commissioner the following information with respect
12 to mortgages that it services in this State:

13 a. a current schedule of the ranges of costs and fees it charges
14 mortgagors for its servicing-related activities;

15 b. a report in a form and format acceptable to the commissioner
16 detailing the mortgage servicer's activities in the State, including:

17 (1) the number of residential mortgage loans the mortgage
18 servicer is servicing; and

19 (2) the type and characteristics of the residential mortgage loans
20 the mortgage servicer is servicing;

21 c. the number of serviced residential mortgage loans in default,
22 along with a breakdown of 30, 60, and 90-days of delinquency;

23 d. a description of the mortgage servicer's loss mitigation
24 activities, including details on workout arrangements undertaken;
25 and

26 e. the number of foreclosures commenced.

27
28 6. (New section) a. A mortgage servicer license shall not be
29 transferable or assignable. A licensee shall not use any name other
30 than its legal name or a fictitious name approved by the
31 commissioner, provided the licensee shall not use its legal name if
32 the commissioner disapproves use of the name. Any licensee who
33 intends to permanently cease acting as a mortgage servicer at any
34 time during a license period for any cause, including, but not
35 limited to, bankruptcy or voluntary dissolution, shall file with the
36 department a request to surrender the license for each office at
37 which the licensee intends to cease to do business, not later than 15
38 days after the date of the cessation. A surrender shall not be
39 effective until accepted by the commissioner.

40 b. A mortgage servicer licensee may change the name of the
41 licensee or address of any office specified on the most recent filing
42 with the department if:

43 (1) at least 30 calendar days prior to the change, the licensee
44 files the change with the department and, in the case of a main
45 office or branch office, provides, directly to the commissioner, a
46 bond rider or endorsement, or addendum, as applicable, to any bond
47 or evidence of errors and omissions coverage on file with the
48 commissioner that reflects the new name or address of the main
49 office or branch office; and

1 (2) the commissioner does not disapprove the change, in
2 writing, or request further information within the 30 day period.

3 c. The mortgage servicer licensee shall notify the department,
4 in writing, not later than five business days after the licensee has
5 reason to know of the occurrence of any of the following events:

6 (1) 'a material change of financial condition,' filing for
7 bankruptcy, or the consummation of a corporate restructuring, of
8 the licensee;

9 (2) filing of a criminal indictment against the licensee or
10 receiving notification of the filing of any criminal felony indictment
11 or felony conviction of any of the licensee's officers, directors,
12 members, partners or shareholders owning ten percent or more of
13 the outstanding stock;

14 (3) receiving notification of the institution of license denial,
15 cease and desist, suspension or revocation procedures, or other
16 formal or informal regulatory action by any governmental agency
17 against the licensee and the reasons for the action;

18 (4) receiving notification of the initiation of any action by the
19 Attorney General or the attorney general of any other state and the
20 reasons for the action;

21 (5) suspension or termination of the licensee's status as an
22 approved seller or servicer by the Federal National Mortgage
23 Association, Federal Home Loan Mortgage Corporation or
24 Government National Mortgage Association;

25 (6) receiving notification that certain servicing rights of the
26 licensee will be rescinded or cancelled, and the reasons provided
27 therefor;

28 (7) receiving notification of filing for bankruptcy of any of the
29 licensee's officers, directors, members, partners or shareholders
30 owning ten percent or more of the outstanding stock of the licensee;
31 or

32 (8) receiving notification of the initiation of a class action
33 lawsuit on behalf of consumers against the licensee that is related to
34 the operation of the licensed business.

35

36 7. (New section) a. An initial mortgage servicer license shall
37 expire at the close of business on December 31 of the year in which
38 it is approved, except that any license that is approved on or after
39 November 1 shall expire at the close of business on December 31 of
40 the year following the year in which it is approved. An application
41 for renewal of a license shall be filed between November 1 and
42 December 31 of the year in which the license expires and a renewal
43 license shall expire at the close of business on December 31 of the
44 third year after the year in which it was approved. Each applicant
45 for an initial license or renewal of a license as a mortgage servicer
46 shall pay to the department any required fees or charges and a
47 license fee of \$1,000. Each applicant for a renewal license shall pay
48 to the department any required fees or charges and a license fee of
49 \$3,000.

1 b. All fees paid pursuant to this section, including fees paid in
2 connection with an application that is denied or withdrawn prior to
3 the issuance of the license, shall be nonrefundable. A fee paid
4 pursuant to this section shall not be prorated if the license is
5 surrendered, revoked or suspended prior to the expiration of the
6 period for which it was approved.

7
8 8. (New section) a. A mortgage servicer applicant or licensee
9 and any person exempt from mortgage servicer licensure pursuant
10 to paragraph (4) of subsection b. of section 3 of this act shall file
11 with the commissioner:

12 (1) a surety bond, written by a surety authorized to write the
13 bonds in this State, covering its main office and any branch office
14 from which it acts as mortgage servicer, in a penal sum of \$100,000
15 per office location in accordance with subsection b. of this section;

16 (2) a fidelity bond, written by a surety authorized to write the
17 bonds in this State, in accordance with the requirements of
18 subsection c. of this section; and

19 (3) evidence of errors and omissions coverage, written by an
20 entity authorized to write the coverage in this State, in accordance
21 with the requirements of subsection c. of this section. A mortgage
22 servicer licensee and a person otherwise exempt from mortgage
23 servicer licensure pursuant to paragraph (4) of subsection b. of
24 section 3 of this act shall not act as a mortgage servicer in this State
25 without maintaining the surety bond, fidelity bond and errors and
26 omissions coverage required by this section.

27 b. The surety bond required by subsection a. of this section
28 shall be:

29 (1) in a form approved by the Attorney General; and

30 (2) conditioned upon the mortgage servicer licensee or person
31 exempt from mortgage servicer licensure pursuant to paragraph (4)
32 of subsection b. of section 3 of this act performing any and all
33 written agreements or commitments with or for the benefit of
34 mortgagors and mortgagees, accounting for all funds received from
35 a mortgagor or mortgagee in the person's capacity as a mortgage
36 servicer, and conducting the mortgage business consistent with the
37 provisions of this act. Any mortgagor damaged by the failure of a
38 mortgage servicer licensee or person exempt from mortgage
39 servicer licensure pursuant to paragraph (4) of subsection b. of
40 section 3 of this act to perform any written agreements or
41 commitments, or by the wrongful conversion of funds paid by a
42 mortgagor to the licensee or person, may proceed on the bond
43 against the principal or surety thereon, or both, to recover damages.
44 The commissioner may proceed on the bond against the principal or
45 surety on the bond, or both, to collect any appropriate civil penalty.
46 The proceeds of the bond, even if commingled with other assets of
47 the principal, shall be deemed by operation of law to be held in trust
48 for the benefit of claimants against the principal in the event of
49 bankruptcy of the principal and shall be immune from attachment

1 by creditors and judgment creditors. The surety bond shall run
2 concurrently with the period of the license for the main office of the
3 mortgage servicer or residential mortgage lender and the aggregate
4 liability under the bond shall not exceed the penal sum of the bond.
5 The principal shall notify the commissioner of the commencement
6 of an action on the bond. When an action is commenced on a
7 principal's bond, the commissioner may require the filing of a new
8 bond and immediately on recovery on any action on the bond, the
9 principal shall file a new bond.

10 c. The fidelity bond and errors and omissions coverage
11 required by subsection a. of this section shall name the Department
12 of Banking and Insurance as an additional loss payee on drafts the
13 surety issues to pay for covered losses directly or indirectly
14 incurred by mortgagors of residential mortgage loans serviced by
15 the mortgage servicer. The fidelity bond shall cover losses arising
16 from dishonest and fraudulent acts, embezzlement, misplacement,
17 forgery and similar events committed by employees of the mortgage
18 servicer. The errors and omissions coverage shall cover losses
19 arising from negligence, errors and omissions by the mortgage
20 servicer with respect to the payment of real estate taxes and special
21 assessments, hazard and flood insurance or the maintenance of
22 mortgage and guaranty insurance. The fidelity bond and errors and
23 omissions coverage shall each be in the following principal amounts
24 based on the mortgage servicer's volume of servicing activity most
25 recently reported to the department:

26 (1) If the amount of the residential mortgage loans serviced is
27 \$100,000,000 or less, the principal amount shall be \$300,000; or

28 (2) If the amount of the loans exceeds \$100,000,000, the
29 principal amount shall be \$300,000 plus:

30 (a) three-twentieths of one percent of the amount of residential
31 mortgage loans serviced greater than \$100,000,000 but less than or
32 equal to \$500,000,000;

33 (b) plus one-eighth of one percent of the amount of residential
34 mortgage loans serviced greater than \$500,000,000 but less than or
35 equal to \$100,000,000,000; and

36 (c) plus one-tenth of one percent of the amount of residential
37 mortgage loans serviced greater than \$100,000,000,000.

38 The fidelity bond and errors and omissions coverage may
39 provide for a deductible amount not to exceed the greater of
40 \$100,000 or five percent of the principal amount.

41 d. A surety shall have the right to cancel the surety bond,
42 fidelity bond and errors and omissions coverage required by this
43 section at any time by a written notice to the principal stating the
44 date cancellation shall take effect. The notice shall be sent by
45 certified mail to the principal at least 30 days prior to the date of
46 cancellation. A surety bond, fidelity bond or errors and omissions
47 coverage shall not be cancelled unless the surety notifies the
48 commissioner, in writing, not less than 30 days prior to the effective
49 date of cancellation. After receipt of the notification from the

1 surety, the commissioner shall give written notice to the principal of
2 the date the cancellation shall take effect. The commissioner shall
3 suspend the license of a mortgage servicer on that date. A
4 suspension or inactivation shall not occur if, prior to the date that
5 the bond or errors and omissions coverage cancellation shall take
6 effect:

7 (1) the principal submits a letter of reinstatement of the bond or
8 errors and omissions coverage, or a new bond or errors and
9 omissions policy; or

10 (2) the mortgage servicer licensee has ceased business in this
11 State and has surrendered all licenses in accordance with section 5
12 of this act. After a mortgage servicer license has been suspended
13 pursuant to this section, the commissioner shall give the licensee
14 notice of the suspension, pending proceedings for revocation or
15 refusal to renew pursuant to section 14 of this act and an
16 opportunity for a hearing on the action and require the licensee to
17 take or refrain from taking the action as in the opinion of the
18 commissioner will effectuate the purposes of this section. A person
19 licensed as a residential mortgage lender in this State acting as a
20 mortgage servicer from a location licensed as a main office or
21 branch office shall cease to be exempt from mortgage servicer
22 licensing requirements in this State upon cancellation of any surety
23 bond, fidelity bond or errors and omissions coverage required by
24 this section.

25 e. If the commissioner finds that the financial condition of a
26 mortgage servicer or residential mortgage lender licensee so
27 requires, as evidenced by the reduction of tangible net worth,
28 financial losses or potential losses as a result of a violation of this
29 act, the commissioner may require one or more additional bonds
30 meeting the standards set forth in this section. The licensee shall
31 file any the additional bonds not later than ten days after receipt of
32 the commissioner's written notice of the requirement. A mortgage
33 servicer or residential mortgage lender licensee shall file, as the
34 commissioner may require, any bond rider or endorsement or
35 addendum, as applicable, to any bond or evidence of errors and
36 omissions coverage on file with the commissioner to reflect any
37 changes necessary to maintain the surety bond, fidelity bond and
38 errors and omissions coverage required by this section.

39

40 9. (New section) a. A mortgage servicer licensee and person
41 exempt from licensure pursuant to paragraph (4) of subsection b. of
42 section 3 of this act shall maintain adequate records of each
43 residential mortgage loan transaction at the office named in the
44 mortgage servicer or residential mortgage lender license, or, if
45 requested by the commissioner, shall make the records available at
46 the office or send the records to the commissioner by registered or
47 certified mail, return receipt requested, or by any express delivery
48 carrier that provides a dated delivery receipt, not later than five
49 business days after requested by the commissioner to do so. Upon

1 request, the commissioner may grant a licensee additional time to
2 make the records available or send them to the commissioner. The
3 records shall provide the following information:

4 (1) a loan history for residential mortgage loans upon which
5 payments are received or made by the mortgage servicer, itemizing
6 the amount and date of each payment and the unpaid balance at all
7 times;

8 (2) the original or an exact copy of the note, residential
9 mortgage or other evidence of indebtedness;

10 (3) the name and address of the residential mortgage lender,
11 and mortgage broker, if any, involved in the residential mortgage
12 loan transaction;

13 (4) copies of any disclosures or notifications provided to the
14 mortgagor required by State or federal law;

15 (5) a copy of any bankruptcy plan approved in a proceeding
16 filed by the mortgagor or a co-owner of the property subject to the
17 residential mortgage loan;

18 (6) a communications log that documents all verbal
19 communications with the mortgagor or the mortgagor's
20 representative; and

21 (7) a copy of all notices sent to the mortgagor related to any
22 foreclosure proceeding filed against the encumbered property.

23 b. Every mortgage servicer licensee and person exempt from
24 licensure pursuant to paragraph (4) of subsection b. of section 3 of
25 this act shall retain the records of each residential mortgage loan
26 serviced for not less than two years following the final payment on
27 the residential mortgage loan, or the assignment of the residential
28 mortgage loan, whichever occurs first, or a longer period as may be
29 required by any other provision of law. Every mortgage servicer
30 licensee and person exempt from licensure pursuant to paragraph
31 (4) of subsection b. of section 3 of this act shall keep and use in its
32 business books, accounts and records that will enable the
33 commissioner to determine whether the mortgage servicer is
34 complying with the provisions of this act.

35

36 10. (New section) Upon assignment of servicing rights on a
37 residential mortgage loan, the mortgage servicer shall disclose to
38 the mortgagor:

39 a. any notice required by the "Real Estate Settlement
40 Procedures Act of 1974" (12 U.S.C. s.2601 et seq.), and the
41 regulations promulgated thereunder, and within the time periods
42 prescribed therein; and

43 b. a schedule of the ranges and categories of its costs and fees
44 for its servicing-related activities, which shall comply with State
45 and federal law and, if the disclosure is made by a mortgage
46 servicer licensee, shall not exceed those reported to the
47 commissioner in accordance with section 5 of this act.

1 11. (New section) a. A mortgage servicer shall comply with all
2 applicable federal laws and regulations relating to mortgage loan
3 servicing, including, but not limited to:

4 (1) the “Real Estate Settlement Procedures Act of 1974” (12
5 U.S.C. s.2601 et seq.); and

6 (2) the “Truth-in-Lending Act” (15 U.S.C. s.1601 et seq.).

7 b. In addition to any other remedies provided by law, a
8 violation of any the federal law or regulation shall be deemed a
9 violation of this section and a basis upon which the commissioner
10 may take enforcement action pursuant to section 14 of this act.

11

12 12. (New section) a. A mortgage servicer shall maintain and
13 keep current a schedule of fees that it charges mortgagors for its
14 servicing-related activities. The schedule shall identify each fee,
15 provide a plain English explanation of the fee and state the amount
16 of the fee or range of amounts or, if there is no standard fee, how
17 the fee is calculated or determined. A mortgage servicer shall make
18 its schedule available to the mortgagor or the mortgagor’s
19 authorized representative upon request.

20 b. A mortgage servicer shall not impose any late fee or
21 delinquency charge when the only delinquency is attributable to late
22 fees or delinquency charges assessed on an earlier payment, and the
23 payment is otherwise a full payment for the applicable period and is
24 paid on its due date or within any applicable grace period. Late
25 charges shall not be:

26 (1) based on an amount greater than the past due amount;

27 (2) collected from the escrow account or from escrow surplus
28 without the approval of the mortgagor; or

29 (3) deducted from any regular payment.

30

31 13. (New section) A mortgage servicer shall not:

32 a. directly or indirectly employ any scheme, device or artifice
33 to defraud or mislead mortgagors or mortgagees or to defraud any
34 person;

35 b. engage in any unfair or deceptive practice toward any person
36 or misrepresent or omit any material information in connection with
37 the servicing of a residential mortgage loan, including, but not
38 limited to, misrepresenting the amount, nature or terms of any fee
39 or payment due or claimed to be due on a residential mortgage loan,
40 the terms and conditions of the servicing agreement or the
41 mortgagor’s obligations under the residential mortgage loan;

42 c. obtain property by fraud or misrepresentation;

43 d. knowingly misapply or recklessly apply residential mortgage
44 loan payments to the outstanding balance of a residential mortgage
45 loan;

46 e. knowingly misapply or recklessly apply payments to escrow
47 accounts;

48 f. place hazard, homeowner’s or flood insurance on the
49 mortgaged property when the mortgage servicer knows or has

- 1 reason to know that the mortgagor has an effective policy for the
2 insurance;
- 3 g. knowingly or recklessly provide inaccurate information to a
4 credit bureau, thereby harming a mortgagor's creditworthiness;
- 5 h. fail to report both the favorable and unfavorable payment
6 history of the mortgagor to a nationally recognized consumer credit
7 bureau at least annually if the mortgage servicer regularly reports
8 information to a credit bureau;
- 9 i. collect private mortgage insurance beyond the date for which
10 private mortgage insurance is required;
- 11 j. fail to issue a release of mortgage in accordance with the
12 provisions of P.L.1975, c.137 (C.46:18-11.2 et seq.);
- 13 k. fail to provide written notice to a mortgagor upon taking
14 action to place hazard, homeowner's or flood insurance on the
15 mortgaged property, including a clear and conspicuous statement of
16 the procedures by which the mortgagor may demonstrate that the
17 mortgagor has the required insurance coverage and by which the
18 mortgage servicer shall terminate the insurance coverage placed by
19 it and refund or cancel any insurance premiums and related fees
20 paid by or charged to the mortgagor;
- 21 l. place hazard, homeowner's, or flood insurance on a
22 mortgaged property, or require a mortgagor to obtain or maintain
23 that insurance, in excess of the replacement cost of the
24 improvements on the mortgaged property as established by the
25 property insurer;
- 26 m. fail to provide to the mortgagor a refund of unearned
27 premiums paid by a mortgagor or charged to the mortgagor for
28 hazard, homeowner's, or flood insurance placed by a mortgagee or
29 the mortgage servicer if the mortgagor provides reasonable proof
30 that the mortgagor has obtained coverage so that the forced
31 placement insurance is no longer necessary and the property is
32 insured. If the mortgagor provides reasonable proof that no lapse in
33 coverage occurred so that the forced placement is not necessary, the
34 mortgage servicer shall promptly refund the entire premium;
- 35 n. require any amount of funds to be remitted by means more
36 costly to the mortgagor than a bank or certified check or attorney's
37 check from an attorney's account to be paid by the mortgagor;
- 38 o. refuse to communicate with an authorized representative of
39 the mortgagor who provides a written authorization signed by the
40 mortgagor, provided the mortgage servicer may adopt procedures
41 reasonably related to verifying that the representative is in fact
42 authorized to act on behalf of the mortgagor;
- 43 p. conduct any business covered by this act, without holding a
44 valid license as required under this act, or assist or aid and abet any
45 person in the conduct of business without a valid license as required
46 under this act; or
- 47 q. negligently make any false statement or knowingly and
48 willfully make any omission of a material fact in connection with
49 any information or reports filed with a governmental agency or the

1 department or in connection with any investigation conducted by
2 the commissioner or another governmental agency.

3

4 14. (New section) a. The commissioner shall have the authority
5 to conduct investigations and examinations as follows:

6 (1) For purposes of initial licensing, license renewal, license
7 suspension, license conditioning, license revocation or termination,
8 or general or specific inquiry or investigation to determine
9 compliance with this act, the commissioner may access, receive and
10 use any books, accounts, records, files, documents, information or
11 evidence including, but not limited to:

12 (a) criminal, civil and administrative history information;

13 ¹(b) financial statements and any other records of financial
14 condition of the licensee, any control person of the licensee, and
15 any business entity exerting control over the licensee;¹

16 ¹**[(b)]** (c)¹ personal history and experience information,
17 including independent credit reports obtained from a consumer
18 reporting agency described in Section 603(p) of the “Fair Credit
19 Reporting Act” (15 U.S.C. 1681a(p)); and

20 ¹**[(c)]** (d)¹ any other documents, information or evidence the
21 commissioner deems relevant to the inquiry or investigation
22 regardless of the location, possession, control or custody of the
23 documents, information or evidence; and

24 (2) For the purposes of investigating violations or complaints
25 arising under this act, or for the purposes of examination, the
26 commissioner may review, investigate, or examine any mortgage
27 servicer licensee or person subject to the act as often as necessary in
28 order to carry out the purposes of the act. The commissioner may
29 direct, subpoena, or order the attendance of and examine under oath
30 all persons whose testimony may be required about the residential
31 mortgage loans or the business or subject matter of any
32 examination or investigation, and may direct, subpoena or order the
33 person to produce books, accounts, records, files and any other
34 documents the commissioner deems relevant to the inquiry.

35 b. A mortgage servicer licensee or any person subject to this
36 act shall make or compile reports or prepare other information as
37 directed by the commissioner in order to carry out the purposes of
38 this section including accounting compilations, information lists
39 and data concerning residential mortgage loan transactions in a
40 format prescribed by the commissioner or any other information the
41 commissioner deems necessary to carry out the purposes of this act.

42 c. In making an examination or investigation authorized by this
43 section, the commissioner may control access to any documents and
44 records of the mortgage servicer licensee or person under
45 examination or investigation. The commissioner may take
46 possession of the documents and records or place a person in
47 exclusive charge of the documents and records in the place where
48 they are usually kept. During the period of control, no person shall

1 remove or attempt to remove any of the documents and records
2 except pursuant to a court order or with the consent of the
3 commissioner. Unless the commissioner has reasonable grounds to
4 believe the documents or records of the mortgage servicer licensee
5 or person have been, or are at risk of being, altered or destroyed for
6 purposes of concealing a violation of this act, the mortgage servicer
7 licensee or owner of the documents and records shall have access to
8 the documents or records as necessary to conduct its ordinary
9 business affairs.

10 d. In order to carry out the purposes of this section, the
11 commissioner may:

12 (1) retain attorneys, accountants or other professionals and
13 specialists as examiners, auditors or investigators to conduct or
14 assist in the conduct of examinations or investigations;

15 (2) enter into agreements or relationships with other government
16 officials or regulatory associations in order to improve efficiencies
17 and reduce regulatory burdens by sharing resources, standardized or
18 uniform methods or procedures, and documents, records,
19 information or evidence obtained under this section;

20 (3) use, hire, contract or employ public or privately available
21 analytical departments, methods or software to examine or
22 investigate the mortgage servicer licensee or person subject to this
23 act;

24 (4) accept and rely on examination or investigation reports made
25 by other government officials, within or without this State; and

26 (5) accept audit reports made by an independent certified public
27 accountant for the mortgage servicer licensee or person subject to
28 this act, in the course of that part of the examination covering the
29 same general subject matter as the audit and may incorporate the
30 audit report in the report of examination, report of investigation or
31 other writing of the commissioner.

32 e. The authority of this section shall remain in effect, whether
33 the mortgage servicer licensee or person subject to this act, acts or
34 claims to act under any licensing or registration law of this State, or
35 claims to act without the authority.

36 f. A mortgage servicer licensee or person subject to
37 investigation or examination under this section shall not knowingly
38 withhold, abstract, remove, mutilate, destroy or secrete any books,
39 records, computer records or other information.

40

41 15. (New section) a. The commissioner may suspend, revoke or
42 refuse to renew any mortgage servicer license or take any other
43 action for any reason which would be sufficient grounds for the
44 commissioner to deny an application for the license under section 4
45 of this act, or if the commissioner finds that the licensee, any
46 control person of the licensee, the qualified individual or any
47 branch manager with supervisory authority, trustee, employee or
48 agent of the licensee has done any of the following:

49 (1) made any material misstatement in the application;

1 (2) committed any fraud or misrepresentation or
2 misappropriated funds;

3 (3) ¹become insolvent;

4 (4)¹ violated any of the provisions of this act or of any
5 regulations adopted pursuant thereto, or any other law or regulation
6 applicable to the conduct of its business; or

7 ¹~~[(4)]~~ (5)¹ failed to perform any agreement with a mortgagee or
8 a mortgagor.

9 b. Whenever it appears to the commissioner that any person
10 has violated, is violating, or is about to violate any of the provisions
11 of this act or of any regulations adopted pursuant thereto, or any
12 licensee has failed to perform any agreement with a mortgagee or
13 mortgagor, committed any fraud, made any misrepresentation or
14 misappropriated funds, the commissioner may:

15 (1) issue an order directing a person or licensee to cease and
16 desist from engaging in any act or practice that is in violation of this
17 act; ¹~~and~~¹

18 (2) ¹issue an order directing a person or licensee to perform
19 corrective actions; and

20 (3)¹ bring an action in any court of competent jurisdiction to
21 enjoin the acts or practices and to enforce compliance with any
22 provision of this act.

23

24 ¹16. (New section) The commissioner may order that any
25 person who has been found to have knowingly violated any
26 provision of this act, or of the rules and regulations issued pursuant
27 hereto, and has thereby caused financial harm to consumers, be
28 barred from acting as a residential mortgage servicer, residential
29 mortgage lender, residential mortgage broker, or mortgage loan
30 originator, or a stockholder, an officer, director, partner or other
31 owner, or an employee of a licensee, or acting in any other capacity
32 pursuant to this act. A violation of this final order shall be
33 considered a crime of the third degree.¹

34

35 ¹17. (New section) The commissioner may impose a civil
36 penalty not exceeding \$25,000 on any person for a violation of this
37 act. Each violation of this act, including any order, rule or
38 regulation made or issued pursuant to this act, shall constitute a
39 separate offense. Additionally, each violation of this act which
40 constitutes a knowing violation shall be considered a crime of the
41 third degree.¹

42

43 ¹18. (New section) The rights, remedies and prohibitions
44 accorded by the provisions of this act are in addition to and
45 cumulative of any right, remedy or prohibition accorded by the
46 common law or any statute of this State and nothing contained
47 herein shall be construed to deny, abrogate, or impair any common
48 law or statutory right, remedy or prohibition. The Attorney General

1 and the Division of Consumer Affairs in the Department of Law and
2 Public Safety shall continue to have the authority to enforce civil
3 and criminal violations of the consumer fraud act, P.L.1960, c.39
4 (C.56:8-1 et seq.), or any other applicable law, rule or regulation in
5 connection with the activities of mortgage servicers.¹

6
7 ¹**[16.] 19.**¹ The provisions of sections 3 through 12 of this act
8 shall not apply to:

9 (1) a person exempt from licensure as a residential mortgage
10 lender pursuant to the "New Jersey Residential Mortgage Lending
11 Act," P.L.2009, c.53 (C.17:11C-51 through C.17:11C-89), while
12 servicing residential mortgage loans made pursuant to the
13 exemption;

14 (2) a person servicing five or fewer residential mortgage loans
15 within any period of twelve consecutive months;

16 (3) any agency of the federal government, any state or municipal
17 government or any quasi-governmental agency servicing residential
18 mortgage loans under the specific authority of the laws of any state
19 or the United States; and

20 (4) a person exempt from licensure as a mortgage servicer
21 pursuant to paragraphs (1), (2), and (3) of subsection b. of section 3
22 of this act.

23
24 ¹**[17.] 20.**¹ The Commissioner of Banking and Insurance may
25 adopt rules and regulations, pursuant to the "Administrative
26 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), including
27 any fines or penalties, necessary to effectuate the provisions of this
28 act.

29
30 ¹21. Section 2 of P.L.2005, c.199 (C.17:1C-34) is amended to
31 read as follows:

32 2. For the purposes of this act:

33 "Assessment" means the assessment imposed pursuant to section
34 3 of this act for the special functions of the division as provided in
35 that section.

36 "Commissioner" means the Commissioner of Banking and
37 Insurance.

38 "Department" means the Department of Banking and Insurance.

39 "Depository institution" means any entity holding a state charter
40 for a bank, savings bank, savings and loan association or credit
41 union, irrespective of whether the entity accepts deposits.

42 "Division" means the Division of Banking in the Department of
43 Banking and Insurance.

44 "Other financial entity" means a person who is licensed or
45 registered pursuant to: the "New Jersey Consumer Finance
46 Licensing Act," sections 1 through 49 of P.L.1996, c.157
47 (C.17:11C-1 et seq.); the "New Jersey Residential Mortgage
48 Lending Act," sections 1 through 39 of P.L.2009, c.53 (C.17:11C-

1 51 et seq.), other than a financial entity with respect to the payment
2 of required fees to the Nationwide Mortgage Licensing System and
3 Registry as set forth by that nationwide system and registry; "The
4 Check Cashers Regulatory Act of 1993," P.L.1993, c.383
5 (C.17:15A-30 et seq.); the "New Jersey Money Transmitters Act,"
6 P.L.1998, c.14 (C.17:15C-1 et seq.); the "Insurance Premium
7 Finance Company Act," P.L.1968, c.221 (C.17:16D-1 et seq.); the
8 "Retail Installment Sales Act of 1960," P.L.1960, c.40 (C.17:16C-1
9 et seq.); the "Door-to-Door Retail Installment Sales Act of 1968,"
10 P.L.1968, c.223 (C.17:16C-61.1 et seq.); the "Home Repair
11 Financing Act," P.L.1960, c.41 (C.17:16C-62 et seq.); the "Door-to-
12 Door Home Repair Sales Act of 1968," P.L.1968, c.224 (C.17:16C-
13 95 et seq.); P.L.1979, c.16 (C.17:16G-1 et seq.); the "Foreclosure
14 Rescue Fraud Prevention Act," P.L.2011, c.146 (C.46:10B-53 et
15 al.); the "Mortgage Servicers Licensing Act," P.L. , c. (C.)
16 (pending before the Legislature as this bill); or the "pawnbroking
17 law," R.S.45:22-1 et seq.

18 "Nationwide Mortgage Licensing System and Registry" means
19 the mortgage licensing system developed and maintained by the
20 Conference of State Bank Supervisors and the American
21 Association of Residential Mortgage Regulators, or their
22 successors, and utilized in this State pursuant to the provisions of
23 the "New Jersey Residential Mortgage Lending Act," sections 1
24 through 39 of P.L.2009, c.53 (C.17:11C-51 et seq.).

25 "Regulated entity" means a depository institution, other financial
26 entity or person chartered, licensed or registered by the Division of
27 Banking or who should be chartered, licensed or registered.¹
28 (cf: P.L.2011, c.146, s.17)
29

30 ¹**[18.] 22.**¹ This act shall take effect on the 90th day next
31 following enactment.
32
33
34
35
36

"Mortgage Servicers Licensing Act."

ASSEMBLY, No. 4997

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED FEBRUARY 7, 2019

Sponsored by:

Assemblywoman YVONNE LOPEZ

District 19 (Middlesex)

Assemblyman VINCENT MAZZEO

District 2 (Atlantic)

Assemblywoman CAROL A. MURPHY

District 7 (Burlington)

SYNOPSIS

“Mortgage Servicers Licensing Act.”

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/6/2019)

1 AN ACT concerning licensing of mortgage servicers and
2 supplementing Title 17 of the Revised Statutes.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. This act shall be known and may be cited as the “Mortgage
8 Servicers Licensing Act.”

9

10 2. As used in this act:

11 “Branch office” means a location other than the main office at
12 which a licensee or any person on behalf of a licensee acts as a
13 mortgage servicer.

14 “Commissioner” means the Commissioner of Banking and
15 Insurance.

16 “Control” means the power, directly or indirectly, to direct the
17 management or policies of a company, whether through ownership
18 of securities, by contract or otherwise.

19 “Control person” means an individual that directly or indirectly
20 exercises control over any person that:

21 (1) is a director, general partner or executive officer;

22 (2) in the case of a corporation, directly or indirectly has the
23 right to vote 10 percent or more of a class of any voting security or
24 has the power to sell or direct the sale of 10 percent or more of any
25 class of voting securities;

26 (3) in the case of a limited liability company, is a managing
27 member; or

28 (4) in the case of a partnership, has the right to receive upon
29 dissolution, or has contributed, 10 percent or more of the capital,
30 shall be presumed to be a control person.

31 “Department” means the Department of Banking and Insurance.

32 “Individual” means a natural person.

33 “Mortgage servicer” means:

34 (1) any person, wherever located, who, for the person or on
35 behalf of the holder of a residential mortgage loan, receives
36 payments of principal and interest in connection with a residential
37 mortgage loan, records the payments on the person’s books and
38 records and performs the other administrative functions as may be
39 necessary to properly carry out the mortgage holder’s obligations
40 under the mortgage agreement including, when applicable, the
41 receipt of funds from the mortgagor to be held in escrow for
42 payment of real estate taxes and insurance premiums and the
43 distribution of the funds to the taxing authority and insurance
44 company; and

45 (2) includes a person who makes payments to borrowers
46 pursuant to the terms of a home equity conversion mortgage or
47 reverse mortgage.

1 “Mortgagee” means the grantee of a residential mortgage,
2 provided if the residential mortgage has been assigned of record,
3 “mortgagee” means the last person to whom the residential
4 mortgage has been assigned of record.

5 “Mortgagor” means any person obligated to repay a residential
6 mortgage loan.

7 “Office” means a main office or branch office.

8 “Residential mortgage loan” means a loan made to a natural
9 person or persons to whom credit is offered or extended primarily
10 for personal, family or household purposes which is secured by a
11 mortgage constituting a lien upon real property located in this State
12 on which there is erected or to be erected a structure containing one,
13 two, three, four, five, or six dwelling units, a portion of which
14 structure may be used for nonresidential purposes, in the making of
15 which the mortgagee relies primarily upon the value of the
16 mortgaged property.

17 “Residential mortgage lender” means the same as “residential
18 mortgage lender” as defined in section 3 of P.L.2009, c.53
19 (C.17:11C-53).

20

21 3. a. On and after January 1, 2019, no person shall act as a
22 mortgage servicer, directly or indirectly, without first obtaining a
23 license under section 4 of this act from the commissioner for its
24 main office, which shall be designated by the mortgage servicer,
25 and each branch office where business is conducted, unless the
26 person is exempt from licensure pursuant to subsection b. of this
27 section.

28 b. The following persons shall be exempt from mortgage
29 servicer licensing requirements:

30 (1) any bank, out-of-state bank, credit union chartered in New
31 Jersey, federal credit union, or out-of-state credit union, provided
32 the bank or credit union is federally insured;

33 (2) any wholly-owned subsidiary of the bank or credit union;

34 (3) any operating subsidiary in situations in which each owner
35 of the operating subsidiary is wholly owned by the same bank or
36 credit union;

37 (4) any person licensed as a residential mortgage lender
38 pursuant to the “New Jersey Residential Mortgage Lending Act,”
39 P.L.2009, c.53 (C.17:11C-51 through C.17:11C-89) while acting as
40 a mortgage servicer, provided that:

41 (a) the person meets the supplemental mortgage servicer surety
42 bond, fidelity bond, and errors and omissions coverage
43 requirements under section 8 of this act; and

44 (b) during any period that the license of the residential mortgage
45 lender in this State has been suspended, the exemption shall not be
46 effective; and

47 (5) the New Jersey Housing and Mortgage Finance Agency.

1 c. The provisions of sections 9 through 12 of this act shall
2 apply to any person, including a person exempt from licensure
3 pursuant to subsection b. of this section, who acts as a mortgage
4 servicer in this State on or after January 1, 2019.

5

6 4. a. The commissioner shall issue a mortgage servicer license
7 to an applicant if the commissioner finds that:

8 (1) the applicant has identified a qualified individual for its
9 main office, and a branch manager for each branch office where the
10 business is conducted, provided the qualified individual and branch
11 manager have supervisory authority over the mortgage servicer
12 activities at the respective office location and at least three years'
13 experience in the mortgage servicing business within the five years
14 immediately preceding the date of the application for licensure;

15 (2) the applicant, the control persons of the applicant, the
16 qualified individual and any branch manager with supervisory
17 authority at the office for which the license is sought, have not been
18 convicted of or pled guilty or nolo contendere to, in a domestic,
19 foreign, or military court, a felony during the seven-year period
20 preceding the date of the application for licensing, or a felony
21 involving an act of fraud or dishonesty, a breach of trust or money
22 laundering at any time preceding the date of application, except that
23 any pardon or expungement of a conviction shall not be a
24 conviction for purposes of this paragraph;

25 (3) the applicant demonstrates that the financial responsibility,
26 character and general fitness of the applicant, the control persons of
27 the applicant, the qualified individual and any branch manager
28 having supervisory authority over the office for which the license is
29 sought, warrant a determination that the applicant will operate
30 honestly, fairly and efficiently within the purposes of this act;

31 (4) the applicant has met the surety bond, fidelity bond, and
32 errors and omissions coverage requirement under section 8 of this
33 act;

34 (5) the applicant has not made a material misstatement in the
35 application; and

36 (6) the applicant has met any other similar requirements as
37 determined by the commissioner.

38 If the commissioner fails to make the findings, the commissioner
39 shall not issue a license, and shall notify the applicant of the denial
40 and the reasons for the denial. For purposes of this subsection, the
41 level of offense of the crime and the status of any conviction,
42 pardon, or expungement shall be determined by reference to the law
43 of the jurisdiction where the case was prosecuted. In the event the
44 jurisdiction does not use the term "felony," "pardon," or
45 "expungement," the terms shall include legally equivalent events.
46 For purposes of paragraph (1) of this subsection, "experience in the
47 mortgage servicing business" means paid experience in the:

48 (a) servicing of mortgage loans;

1 (b) accounting, receipt and processing of payments on behalf of
2 mortgagees or creditors; or

3 (c) supervision of these activities, or any other relevant
4 experience as determined by the commissioner.

5 b. An application for a license as a mortgage servicer or
6 renewal of the license shall be filed with the department, in a form
7 prescribed by the commissioner, and shall be accompanied by the
8 fees required by section 7 of this act. The applicant shall, at a
9 minimum, furnish to the department information concerning the
10 identity of the applicant, any control person of the applicant, the
11 qualified individual and any branch manager, including personal
12 history and experience in a form prescribed by the commissioner,
13 and information related to any administrative, civil or criminal
14 findings by any governmental jurisdiction. The applicant shall
15 notify the department of any change to the information submitted in
16 connection with its most recent application for licensure not later
17 than 15 days after the applicant has reason to know of the change.
18 For the purpose of this subsection, evidence of experience of the
19 qualified individual and any branch manager shall include:

20 (1) a statement specifying the duties and responsibilities of the
21 person's employment, the term of employment, including month
22 and year, and the name, address and telephone number of a
23 supervisor, employer or, if self-employed, a business reference; and

24 (2) if required by the commissioner, copies of W-2 forms, 1099
25 tax forms or, if self-employed, 1120 corporate tax returns, signed
26 letters from the employer on the employer's letterhead verifying the
27 person's duties and responsibilities and term of employment
28 including month and year, and, if the person is unable to provide the
29 letters, other proof satisfactory to the commissioner that the person
30 meets the experience requirement. The commissioner may conduct
31 a criminal history records check of the applicant, any control person
32 of the applicant, the qualified individual and any branch manager
33 with supervisory authority at the office for which the license is
34 sought and require the applicant to submit the fingerprints of those
35 persons as part of the application. The commissioner is authorized
36 to exchange fingerprint data with and receive criminal history
37 record information from the State Bureau of Identification in the
38 Division of State Police and the Federal Bureau of Investigation
39 consistent with applicable State and federal laws, rules and
40 regulations, for the purposes of facilitating determinations
41 concerning licensure eligibility for the applicant, any control person
42 of the applicant, the qualified individual and any branch manager.
43 The applicant shall bear the cost for the criminal history record
44 background check, including all costs of administering and
45 processing the check. The Division of State Police shall promptly
46 notify the commissioner in the event any person who was the
47 subject of a criminal history record background check pursuant to
48 this section, is arrested for a crime or offense in this State after the

1 date the background check was performed, whether the person is a
2 prospective new licensee, or subsequently, a current license holder.

3 c. (1) The minimum standards for license renewal for a
4 mortgage servicer shall include the following:

5 (a) the applicant continues to meet the minimum standards
6 under subsection a. of this section; and

7 (b) the mortgage servicer has paid all required fees for renewal
8 of the license.

9 (2) The license of a mortgage servicer that fails to satisfy the
10 minimum standards for license renewal shall expire. The
11 commissioner may adopt procedures for the reinstatement of
12 expired licenses. The commissioner may suspend a mortgage
13 servicer license if the licensee is in violation of any provision of
14 this act. After a license has been suspended pursuant to this section,
15 the commissioner shall give the licensee notice of the suspension,
16 pending proceedings for revocation or refusal to renew pursuant to
17 sections 14 and 15 of this act and an opportunity for a hearing on
18 the action and require the licensee to take or refrain from taking any
19 action that, in the opinion of the commissioner, is necessary to
20 effectuate the purposes of this act.

21 d. (1) Withdrawal of an application for a license filed under
22 this section shall become effective upon receipt by the
23 commissioner of a notice of intent to withdraw the application. The
24 commissioner may deny a license up to one year after the effective
25 date of withdrawal.

26 (2) If the license of a mortgage servicer expires due to the
27 licensee's failure to renew, the commissioner may institute a
28 revocation or suspension proceeding or issue an order suspending or
29 revoking the license pursuant to subsection a. of section 14 of this
30 act not later than one year after the date of the expiration.

31 e. The commissioner may deem an application for a license
32 under this section abandoned if the applicant fails to respond to any
33 request for information required under this act, or the regulations
34 adopted pursuant to this act. The commissioner shall notify the
35 applicant that if the information is not submitted within 60 days
36 from the date of the request, the application shall be deemed
37 abandoned. An application filing fee paid prior to the date an
38 application is deemed abandoned pursuant to this subsection shall
39 not be refunded. Abandonment of an application pursuant to this
40 subsection shall not preclude the applicant from submitting a new
41 application for a license.

42

43 5. At least annually, a mortgage servicer shall file with the
44 commissioner the following information with respect to mortgages
45 that it services in this State:

46 a. a current schedule of the ranges of costs and fees it charges
47 mortgagors for its servicing-related activities;

- 1 b. a report in a form and format acceptable to the commissioner
2 detailing the mortgage servicer's activities in the State, including:
3 (1) the number of residential mortgage loans the mortgage
4 servicer is servicing; and
5 (2) the type and characteristics of the residential mortgage loans
6 the mortgage servicer is servicing;
7 c. the number of serviced residential mortgage loans in default,
8 along with a breakdown of 30, 60, and 90-days of delinquency;
9 d. a description of the mortgage servicer's loss mitigation
10 activities, including details on workout arrangements undertaken;
11 and
12 e. the number of foreclosures commenced.
13
- 14 6. a. A mortgage servicer license shall not be transferable or
15 assignable. A licensee shall not use any name other than its legal
16 name or a fictitious name approved by the commissioner, provided
17 the licensee shall not use its legal name if the commissioner
18 disapproves use of the name. Any licensee who intends to
19 permanently cease acting as a mortgage servicer at any time during
20 a license period for any cause, including, but not limited to,
21 bankruptcy or voluntary dissolution, shall file with the department a
22 request to surrender the license for each office at which the licensee
23 intends to cease to do business, not later than 15 days after the date
24 of the cessation. A surrender shall not be effective until accepted by
25 the commissioner.
26 b. A mortgage servicer licensee may change the name of the
27 licensee or address of any office specified on the most recent filing
28 with the department if:
29 (1) at least 30 calendar days prior to the change, the licensee
30 files the change with the department and, in the case of a main
31 office or branch office, provides, directly to the commissioner, a
32 bond rider or endorsement, or addendum, as applicable, to any bond
33 or evidence of errors and omissions coverage on file with the
34 commissioner that reflects the new name or address of the main
35 office or branch office; and
36 (2) the commissioner does not disapprove the change, in
37 writing, or request further information within the 30 day period.
38 c. The mortgage servicer licensee shall notify the department,
39 in writing, not later than five business days after the licensee has
40 reason to know of the occurrence of any of the following events:
41 (1) filing for bankruptcy, or the consummation of a corporate
42 restructuring, of the licensee;
43 (2) filing of a criminal indictment against the licensee or
44 receiving notification of the filing of any criminal felony indictment
45 or felony conviction of any of the licensee's officers, directors,
46 members, partners or shareholders owning ten percent or more of
47 the outstanding stock;

1 (3) receiving notification of the institution of license denial,
2 cease and desist, suspension or revocation procedures, or other
3 formal or informal regulatory action by any governmental agency
4 against the licensee and the reasons for the action;

5 (4) receiving notification of the initiation of any action by the
6 Attorney General or the attorney general of any other state and the
7 reasons for the action;

8 (5) suspension or termination of the licensee's status as an
9 approved seller or servicer by the Federal National Mortgage
10 Association, Federal Home Loan Mortgage Corporation or
11 Government National Mortgage Association;

12 (6) receiving notification that certain servicing rights of the
13 licensee will be rescinded or cancelled, and the reasons provided
14 therefor;

15 (7) receiving notification of filing for bankruptcy of any of the
16 licensee's officers, directors, members, partners or shareholders
17 owning ten percent or more of the outstanding stock of the licensee;
18 or

19 (8) receiving notification of the initiation of a class action
20 lawsuit on behalf of consumers against the licensee that is related to
21 the operation of the licensed business.

22

23 7. a. An initial mortgage servicer license shall expire at the
24 close of business on December 31 of the year in which it is
25 approved, except that any license that is approved on or after
26 November 1 shall expire at the close of business on December 31 of
27 the year following the year in which it is approved. An application
28 for renewal of a license shall be filed between November 1 and
29 December 31 of the year in which the license expires and a renewal
30 license shall expire at the close of business on December 31 of the
31 third year after the year in which it was approved. Each applicant
32 for an initial license or renewal of a license as a mortgage servicer
33 shall pay to the department any required fees or charges and a
34 license fee of \$1,000. Each applicant for a renewal license shall pay
35 to the department any required fees or charges and a license fee of
36 \$3,000.

37 b. All fees paid pursuant to this section, including fees paid in
38 connection with an application that is denied or withdrawn prior to
39 the issuance of the license, shall be nonrefundable. A fee paid
40 pursuant to this section shall not be prorated if the license is
41 surrendered, revoked or suspended prior to the expiration of the
42 period for which it was approved.

43

44 8. a. A mortgage servicer applicant or licensee and any person
45 exempt from mortgage servicer licensure pursuant to paragraph (4)
46 of subsection b. of section 3 of this act shall file with the
47 commissioner:

1 (1) a surety bond, written by a surety authorized to write the
2 bonds in this State, covering its main office and any branch office
3 from which it acts as mortgage servicer, in a penal sum of \$100,000
4 per office location in accordance with subsection b. of this section;

5 (2) a fidelity bond, written by a surety authorized to write the
6 bonds in this State, in accordance with the requirements of
7 subsection c. of this section; and

8 (3) evidence of errors and omissions coverage, written by an
9 entity authorized to write the coverage in this State, in accordance
10 with the requirements of subsection c. of this section. A mortgage
11 servicer licensee and a person otherwise exempt from mortgage
12 servicer licensure pursuant to paragraph (4) of subsection b. of
13 section 3 of this act shall not act as a mortgage servicer in this State
14 without maintaining the surety bond, fidelity bond and errors and
15 omissions coverage required by this section.

16 b. The surety bond required by subsection a. of this section
17 shall be:

18 (1) in a form approved by the Attorney General; and

19 (2) conditioned upon the mortgage servicer licensee or person
20 exempt from mortgage servicer licensure pursuant to paragraph (4)
21 of subsection b. of section 3 of this act performing any and all
22 written agreements or commitments with or for the benefit of
23 mortgagors and mortgagees, accounting for all funds received from
24 a mortgagor or mortgagee in the person's capacity as a mortgage
25 servicer, and conducting the mortgage business consistent with the
26 provisions of this act. Any mortgagor damaged by the failure of a
27 mortgage servicer licensee or person exempt from mortgage
28 servicer licensure pursuant to paragraph (4) of subsection b. of
29 section 3 of this act to perform any written agreements or
30 commitments, or by the wrongful conversion of funds paid by a
31 mortgagor to the licensee or person, may proceed on the bond
32 against the principal or surety thereon, or both, to recover damages.
33 The commissioner may proceed on the bond against the principal or
34 surety on the bond, or both, to collect any appropriate civil penalty.
35 The proceeds of the bond, even if commingled with other assets of
36 the principal, shall be deemed by operation of law to be held in trust
37 for the benefit of claimants against the principal in the event of
38 bankruptcy of the principal and shall be immune from attachment
39 by creditors and judgment creditors. The surety bond shall run
40 concurrently with the period of the license for the main office of the
41 mortgage servicer or residential mortgage lender and the aggregate
42 liability under the bond shall not exceed the penal sum of the bond.
43 The principal shall notify the commissioner of the commencement
44 of an action on the bond. When an action is commenced on a
45 principal's bond, the commissioner may require the filing of a new
46 bond and immediately on recovery on any action on the bond, the
47 principal shall file a new bond.

1 c. The fidelity bond and errors and omissions coverage
2 required by subsection a. of this section shall name the Department
3 of Banking and Insurance as an additional loss payee on drafts the
4 surety issues to pay for covered losses directly or indirectly
5 incurred by mortgagors of residential mortgage loans serviced by
6 the mortgage servicer. The fidelity bond shall cover losses arising
7 from dishonest and fraudulent acts, embezzlement, misplacement,
8 forgery and similar events committed by employees of the mortgage
9 servicer. The errors and omissions coverage shall cover losses
10 arising from negligence, errors and omissions by the mortgage
11 servicer with respect to the payment of real estate taxes and special
12 assessments, hazard and flood insurance or the maintenance of
13 mortgage and guaranty insurance. The fidelity bond and errors and
14 omissions coverage shall each be in the following principal amounts
15 based on the mortgage servicer's volume of servicing activity most
16 recently reported to the department:

17 (1) If the amount of the residential mortgage loans serviced is
18 \$100,000,000 or less, the principal amount shall be \$300,000; or

19 (2) If the amount of the loans exceeds \$100,000,000, the
20 principal amount shall be \$300,000 plus:

21 (a) three-twentieths of one percent of the amount of residential
22 mortgage loans serviced greater than \$100,000,000 but less than or
23 equal to \$500,000,000;

24 (b) plus one-eighth of one percent of the amount of residential
25 mortgage loans serviced greater than \$500,000,000 but less than or
26 equal to \$100,000,000,000; and

27 (c) plus one-tenth of one percent of the amount of residential
28 mortgage loans serviced greater than \$100,000,000,000.

29 The fidelity bond and errors and omissions coverage may
30 provide for a deductible amount not to exceed the greater of
31 \$100,000 or five percent of the principal amount.

32 d. A surety shall have the right to cancel the surety bond,
33 fidelity bond and errors and omissions coverage required by this
34 section at any time by a written notice to the principal stating the
35 date cancellation shall take effect. The notice shall be sent by
36 certified mail to the principal at least 30 days prior to the date of
37 cancellation. A surety bond, fidelity bond or errors and omissions
38 coverage shall not be cancelled unless the surety notifies the
39 commissioner, in writing, not less than 30 days prior to the effective
40 date of cancellation. After receipt of the notification from the
41 surety, the commissioner shall give written notice to the principal of
42 the date the cancellation shall take effect. The commissioner shall
43 suspend the license of a mortgage servicer on that date. A
44 suspension or inactivation shall not occur if, prior to the date that
45 the bond or errors and omissions coverage cancellation shall take
46 effect:

1 (1) the principal submits a letter of reinstatement of the bond or
2 errors and omissions coverage, or a new bond or errors and
3 omissions policy; or

4 (2) the mortgage servicer licensee has ceased business in this
5 State and has surrendered all licenses in accordance with section 5
6 of this act. After a mortgage servicer license has been suspended
7 pursuant to this section, the commissioner shall give the licensee
8 notice of the suspension, pending proceedings for revocation or
9 refusal to renew pursuant to section 14 of this act and an
10 opportunity for a hearing on the action and require the licensee to
11 take or refrain from taking the action as in the opinion of the
12 commissioner will effectuate the purposes of this section. A person
13 licensed as a residential mortgage lender in this State acting as a
14 mortgage servicer from a location licensed as a main office or
15 branch office shall cease to be exempt from mortgage servicer
16 licensing requirements in this State upon cancellation of any surety
17 bond, fidelity bond or errors and omissions coverage required by
18 this section.

19 e. If the commissioner finds that the financial condition of a
20 mortgage servicer or residential mortgage lender licensee so
21 requires, as evidenced by the reduction of tangible net worth,
22 financial losses or potential losses as a result of a violation of this
23 act, the commissioner may require one or more additional bonds
24 meeting the standards set forth in this section. The licensee shall
25 file any the additional bonds not later than ten days after receipt of
26 the commissioner's written notice of the requirement. A mortgage
27 servicer or residential mortgage lender licensee shall file, as the
28 commissioner may require, any bond rider or endorsement or
29 addendum, as applicable, to any bond or evidence of errors and
30 omissions coverage on file with the commissioner to reflect any
31 changes necessary to maintain the surety bond, fidelity bond and
32 errors and omissions coverage required by this section.

33
34 9. a. A mortgage servicer licensee and person exempt from
35 licensure pursuant to paragraph (4) of subsection b. of section 3 of
36 this act shall maintain adequate records of each residential mortgage
37 loan transaction at the office named in the mortgage servicer or
38 residential mortgage lender license, or, if requested by the
39 commissioner, shall make the records available at the office or send
40 the records to the commissioner by registered or certified mail,
41 return receipt requested, or by any express delivery carrier that
42 provides a dated delivery receipt, not later than five business days
43 after requested by the commissioner to do so. Upon request, the
44 commissioner may grant a licensee additional time to make the
45 records available or send them to the commissioner. The records
46 shall provide the following information:

47 (1) a loan history for residential mortgage loans upon which
48 payments are received or made by the mortgage servicer, itemizing

1 the amount and date of each payment and the unpaid balance at all
2 times;

3 (2) the original or an exact copy of the note, residential
4 mortgage or other evidence of indebtedness;

5 (3) the name and address of the residential mortgage lender,
6 and mortgage broker, if any, involved in the residential mortgage
7 loan transaction;

8 (4) copies of any disclosures or notifications provided to the
9 mortgagor required by State or federal law;

10 (5) a copy of any bankruptcy plan approved in a proceeding
11 filed by the mortgagor or a co-owner of the property subject to the
12 residential mortgage loan;

13 (6) a communications log that documents all verbal
14 communications with the mortgagor or the mortgagor's
15 representative; and

16 (7) a copy of all notices sent to the mortgagor related to any
17 foreclosure proceeding filed against the encumbered property.

18 b. Every mortgage servicer licensee and person exempt from
19 licensure pursuant to paragraph (4) of subsection b. of section 3 of
20 this act shall retain the records of each residential mortgage loan
21 serviced for not less than two years following the final payment on
22 the residential mortgage loan, or the assignment of the residential
23 mortgage loan, whichever occurs first, or a longer period as may be
24 required by any other provision of law. Every mortgage servicer
25 licensee and person exempt from licensure pursuant to paragraph
26 (4) of subsection b. of section 3 of this act shall keep and use in its
27 business books, accounts and records that will enable the
28 commissioner to determine whether the mortgage servicer is
29 complying with the provisions of this act.

30

31 10. Upon assignment of servicing rights on a residential
32 mortgage loan, the mortgage servicer shall disclose to the
33 mortgagor:

34 a. any notice required by the "Real Estate Settlement
35 Procedures Act of 1974" (12 U.S.C. s.2601 et seq.), and the
36 regulations promulgated thereunder, and within the time periods
37 prescribed therein; and

38 b. a schedule of the ranges and categories of its costs and fees
39 for its servicing-related activities, which shall comply with State
40 and federal law and, if the disclosure is made by a mortgage
41 servicer licensee, shall not exceed those reported to the
42 commissioner in accordance with section 5 of this act.

43

44 11. a. A mortgage servicer shall comply with all applicable
45 federal laws and regulations relating to mortgage loan servicing,
46 including, but not limited to:

47 (1) the "Real Estate Settlement Procedures Act of 1974" (12
48 U.S.C. s.2601 et seq.); and

1 (2) the “Truth-in-Lending Act” (15 U.S.C. s.1601 et seq.).

2 b. In addition to any other remedies provided by law, a
3 violation of any the federal law or regulation shall be deemed a
4 violation of this section and a basis upon which the commissioner
5 may take enforcement action pursuant to section 14 of this act.

6
7 12. a. A mortgage servicer shall maintain and keep current a
8 schedule of fees that it charges mortgagors for its servicing-related
9 activities. The schedule shall identify each fee, provide a plain
10 English explanation of the fee and state the amount of the fee or
11 range of amounts or, if there is no standard fee, how the fee is
12 calculated or determined. A mortgage servicer shall make its
13 schedule available to the mortgagor or the mortgagor’s authorized
14 representative upon request.

15 b. A mortgage servicer shall not impose any late fee or
16 delinquency charge when the only delinquency is attributable to late
17 fees or delinquency charges assessed on an earlier payment, and the
18 payment is otherwise a full payment for the applicable period and is
19 paid on its due date or within any applicable grace period. Late
20 charges shall not be:

- 21 (1) based on an amount greater than the past due amount;
22 (2) collected from the escrow account or from escrow surplus
23 without the approval of the mortgagor; or
24 (3) deducted from any regular payment.

25
26 13. A mortgage servicer shall not:

27 a. directly or indirectly employ any scheme, device or artifice
28 to defraud or mislead mortgagors or mortgagees or to defraud any
29 person;

30 b. engage in any unfair or deceptive practice toward any person
31 or misrepresent or omit any material information in connection with
32 the servicing of a residential mortgage loan, including, but not
33 limited to, misrepresenting the amount, nature or terms of any fee
34 or payment due or claimed to be due on a residential mortgage loan,
35 the terms and conditions of the servicing agreement or the
36 mortgagor’s obligations under the residential mortgage loan;

37 c. obtain property by fraud or misrepresentation;

38 d. knowingly misapply or recklessly apply residential mortgage
39 loan payments to the outstanding balance of a residential mortgage
40 loan;

41 e. knowingly misapply or recklessly apply payments to escrow
42 accounts;

43 f. place hazard, homeowner’s or flood insurance on the
44 mortgaged property when the mortgage servicer knows or has
45 reason to know that the mortgagor has an effective policy for the
46 insurance;

47 g. knowingly or recklessly provide inaccurate information to a
48 credit bureau, thereby harming a mortgagor’s creditworthiness;

- 1 h. fail to report both the favorable and unfavorable payment
2 history of the mortgagor to a nationally recognized consumer credit
3 bureau at least annually if the mortgage servicer regularly reports
4 information to a credit bureau;
- 5 i. collect private mortgage insurance beyond the date for which
6 private mortgage insurance is required;
- 7 j. fail to issue a release of mortgage in accordance with the
8 provisions of P.L.1975, c.137 (C.46:18-11.2 et seq.);
- 9 k. fail to provide written notice to a mortgagor upon taking
10 action to place hazard, homeowner's or flood insurance on the
11 mortgaged property, including a clear and conspicuous statement of
12 the procedures by which the mortgagor may demonstrate that the
13 mortgagor has the required insurance coverage and by which the
14 mortgage servicer shall terminate the insurance coverage placed by
15 it and refund or cancel any insurance premiums and related fees
16 paid by or charged to the mortgagor;
- 17 l. place hazard, homeowner's, or flood insurance on a
18 mortgaged property, or require a mortgagor to obtain or maintain
19 that insurance, in excess of the replacement cost of the
20 improvements on the mortgaged property as established by the
21 property insurer;
- 22 m. fail to provide to the mortgagor a refund of unearned
23 premiums paid by a mortgagor or charged to the mortgagor for
24 hazard, homeowner's, or flood insurance placed by a mortgagee or
25 the mortgage servicer if the mortgagor provides reasonable proof
26 that the mortgagor has obtained coverage so that the forced
27 placement insurance is no longer necessary and the property is
28 insured. If the mortgagor provides reasonable proof that no lapse in
29 coverage occurred so that the forced placement is not necessary, the
30 mortgage servicer shall promptly refund the entire premium;
- 31 n. require any amount of funds to be remitted by means more
32 costly to the mortgagor than a bank or certified check or attorney's
33 check from an attorney's account to be paid by the mortgagor;
- 34 o. refuse to communicate with an authorized representative of
35 the mortgagor who provides a written authorization signed by the
36 mortgagor, provided the mortgage servicer may adopt procedures
37 reasonably related to verifying that the representative is in fact
38 authorized to act on behalf of the mortgagor;
- 39 p. conduct any business covered by this act, without holding a
40 valid license as required under this act, or assist or aid and abet any
41 person in the conduct of business without a valid license as required
42 under this act; or
- 43 q. negligently make any false statement or knowingly and
44 willfully make any omission of a material fact in connection with
45 any information or reports filed with a governmental agency or the
46 department or in connection with any investigation conducted by
47 the commissioner or another governmental agency.

1 14. a. The commissioner shall have the authority to conduct
2 investigations and examinations as follows:

3 (1) For purposes of initial licensing, license renewal, license
4 suspension, license conditioning, license revocation or termination,
5 or general or specific inquiry or investigation to determine
6 compliance with this act, the commissioner may access, receive and
7 use any books, accounts, records, files, documents, information or
8 evidence including, but not limited to:

9 (a) criminal, civil and administrative history information;

10 (b) personal history and experience information, including
11 independent credit reports obtained from a consumer reporting
12 agency described in Section 603(p) of the "Fair Credit Reporting
13 Act" (15 U.S.C. 1681a(p)); and

14 (c) any other documents, information or evidence the
15 commissioner deems relevant to the inquiry or investigation
16 regardless of the location, possession, control or custody of the
17 documents, information or evidence; and

18 (2) For the purposes of investigating violations or complaints
19 arising under this act, or for the purposes of examination, the
20 commissioner may review, investigate, or examine any mortgage
21 servicer licensee or person subject to the act as often as necessary in
22 order to carry out the purposes of the act. The commissioner may
23 direct, subpoena, or order the attendance of and examine under oath
24 all persons whose testimony may be required about the residential
25 mortgage loans or the business or subject matter of any
26 examination or investigation, and may direct, subpoena or order the
27 person to produce books, accounts, records, files and any other
28 documents the commissioner deems relevant to the inquiry.

29 b. A mortgage servicer licensee or any person subject to this
30 act shall make or compile reports or prepare other information as
31 directed by the commissioner in order to carry out the purposes of
32 this section including accounting compilations, information lists
33 and data concerning residential mortgage loan transactions in a
34 format prescribed by the commissioner or any other information the
35 commissioner deems necessary to carry out the purposes of this act.

36 c. In making an examination or investigation authorized by this
37 section, the commissioner may control access to any documents and
38 records of the mortgage servicer licensee or person under
39 examination or investigation. The commissioner may take
40 possession of the documents and records or place a person in
41 exclusive charge of the documents and records in the place where
42 they are usually kept. During the period of control, no person shall
43 remove or attempt to remove any of the documents and records
44 except pursuant to a court order or with the consent of the
45 commissioner. Unless the commissioner has reasonable grounds to
46 believe the documents or records of the mortgage servicer licensee
47 or person have been, or are at risk of being, altered or destroyed for
48 purposes of concealing a violation of this act, the mortgage servicer

1 licensee or owner of the documents and records shall have access to
2 the documents or records as necessary to conduct its ordinary
3 business affairs.

4 d. In order to carry out the purposes of this section, the
5 commissioner may:

6 (1) retain attorneys, accountants or other professionals and
7 specialists as examiners, auditors or investigators to conduct or
8 assist in the conduct of examinations or investigations;

9 (2) enter into agreements or relationships with other government
10 officials or regulatory associations in order to improve efficiencies
11 and reduce regulatory burdens by sharing resources, standardized or
12 uniform methods or procedures, and documents, records,
13 information or evidence obtained under this section;

14 (3) use, hire, contract or employ public or privately available
15 analytical departments, methods or software to examine or
16 investigate the mortgage servicer licensee or person subject to this
17 act;

18 (4) accept and rely on examination or investigation reports made
19 by other government officials, within or without this State; and

20 (5) accept audit reports made by an independent certified public
21 accountant for the mortgage servicer licensee or person subject to
22 this act, in the course of that part of the examination covering the
23 same general subject matter as the audit and may incorporate the
24 audit report in the report of examination, report of investigation or
25 other writing of the commissioner.

26 e. The authority of this section shall remain in effect, whether
27 the mortgage servicer licensee or person subject to this act, acts or
28 claims to act under any licensing or registration law of this State, or
29 claims to act without the authority.

30 f. A mortgage servicer licensee or person subject to
31 investigation or examination under this section shall not knowingly
32 withhold, abstract, remove, mutilate, destroy or secrete any books,
33 records, computer records or other information.

34

35 15. a. The commissioner may suspend, revoke or refuse to
36 renew any mortgage servicer license or take any other action for
37 any reason which would be sufficient grounds for the commissioner
38 to deny an application for the license under section 4 of this act, or
39 if the commissioner finds that the licensee, any control person of
40 the licensee, the qualified individual or any branch manager with
41 supervisory authority, trustee, employee or agent of the licensee has
42 done any of the following:

43 (1) made any material misstatement in the application;

44 (2) committed any fraud or misrepresentation or
45 misappropriated funds;

46 (3) violated any of the provisions of this act or of any
47 regulations adopted pursuant thereto, or any other law or regulation
48 applicable to the conduct of its business; or

1 (4) failed to perform any agreement with a mortgagee or a
2 mortgagor.

3 b. Whenever it appears to the commissioner that any person
4 has violated, is violating, or is about to violate any of the provisions
5 of this act or of any regulations adopted pursuant thereto, or any
6 licensee has failed to perform any agreement with a mortgagee or
7 mortgagor, committed any fraud, made any misrepresentation or
8 misappropriated funds, the commissioner may:

9 (1) issue an order directing a person or licensee to cease and
10 desist from engaging in any act or practice that is in violation of this
11 act; and

12 (2) bring an action in any court of competent jurisdiction to
13 enjoin the acts or practices and to enforce compliance with any
14 provision of this act.

15

16 16. The provisions of sections 3 through 12 of this act shall not
17 apply to:

18 (1) a person exempt from licensure as a residential mortgage
19 lender pursuant to the “New Jersey Residential Mortgage Lending
20 Act,” P.L.2009, c.53 (C.17:11C-51 through C.17:11C-89), while
21 servicing residential mortgage loans made pursuant to the
22 exemption;

23 (2) a person servicing five or fewer residential mortgage loans
24 within any period of twelve consecutive months;

25 (3) any agency of the federal government, any state or municipal
26 government or any quasi-governmental agency servicing residential
27 mortgage loans under the specific authority of the laws of any state
28 or the United States; and

29 (4) a person exempt from licensure as a mortgage servicer
30 pursuant to paragraphs (1), (2), and (3) of subsection b. of section 3
31 of this act.

32

33 17. The Commissioner of Banking and Insurance may adopt
34 rules and regulations, pursuant to the “Administrative Procedure
35 Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), including any fines or
36 penalties, necessary to effectuate the provisions of this act.

37

38 18. This act shall take effect on the 90th day next following
39 enactment.

40

41

42

STATEMENT

43

44 This bill, entitled the “Mortgage Servicers Licensing Act,”
45 requires any person acting as a mortgage servicer to obtain a
46 license from the Commissioner of Banking and Insurance for each
47 main office and each branch office where business is conducted,
48 unless the person is exempt under certain exemptions provided for

1 by the bill. The bill defines a “mortgage servicer” as any person,
2 wherever located, who performs certain functions for the holder of a
3 residential mortgage loan secured by real property located in this
4 State.

5 The bill provides that the commissioner shall issue a mortgage
6 servicer license to an applicant if the commissioner makes certain
7 findings, including that the applicant has met certain financial and
8 character and fitness requirements.

9 The bill requires a mortgage servicer to annually file with the
10 commissioner certain information regarding the mortgages that it
11 services in the State. The bill also requires mortgage servicers to
12 file with the commissioner a surety bond, fidelity bond, and
13 evidence of coverage, that meet certain standards as set forth in the
14 bill.

15 A mortgage servicer and a person exempt from licensure are
16 required to maintain adequate records of each residential mortgage
17 loan transaction and are required to produce the records upon
18 request of the commissioner. Upon assigning the servicing rights on
19 a residential mortgage loan, the servicer must make certain
20 disclosures to the mortgagor as set forth in the bill. A mortgage
21 servicer must maintain a schedule of fees charged to mortgagors.
22 The bill also prohibits certain unfair and deceptive trade practices.

23 The bill provides the commissioner the authority to conduct
24 investigation and examination of mortgage servicers. The
25 commissioner can suspend, revoke, or refuse to renew a mortgage
26 servicer license for certain reasons as set forth in the bill.

27 The bill provides the commissioner the authority to adopt rules
28 and regulations, pursuant to the “Administrative Procedure Act,”
29 P.L.1968, c.410 (C.52:14B-1 et seq.), including any fines or
30 penalties, necessary to effectuate the provisions of the bill.

ASSEMBLY HOUSING AND COMMUNITY DEVELOPMENT
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 4997

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 6, 2019

The Assembly Housing and Community Development Committee reports favorably Assembly Bill No. 4997, with committee amendments.

As amended, this bill, entitled the “Mortgage Servicers Licensing Act,” requires any person acting as a mortgage servicer to obtain a license from the Commissioner of Banking and Insurance for each main office and each branch office where business is conducted, unless the person is exempt under certain exemptions provided for by the bill. The bill defines a “mortgage servicer” as any person, wherever located, who performs certain functions for the holder of a residential mortgage loan secured by real property located in this State.

The bill provides that the commissioner shall issue a mortgage servicer license to an applicant if the commissioner makes certain findings, including that the applicant has met certain financial and character and fitness requirements.

The bill requires a mortgage servicer to file annually with the commissioner certain information regarding the mortgages that it services in the State. The bill also requires mortgage servicers to file with the commissioner a surety bond, fidelity bond, and evidence of coverage, that meet certain standards as set forth in the bill.

Both mortgage servicers and persons exempt from licensure are required to maintain adequate records of each residential mortgage loan transaction and are required to produce the records upon request of the commissioner. Upon assigning the servicing rights on a residential mortgage loan, the servicer must make certain disclosures to the mortgagor as set forth in the bill. A mortgage servicer must maintain a schedule of fees charged to mortgagors. The bill also prohibits certain unfair and deceptive trade practices.

The bill provides the commissioner the authority to conduct investigations and examinations of mortgage servicers. The commissioner can suspend, revoke, or refuse to renew a mortgage servicer license for certain reasons as set forth in the bill.

The commissioner may also order that any person who has been found to have knowingly violated any provision of bill and has caused

financial harm to consumers, shall be barred from acting as a residential mortgage servicer, residential mortgage lender, residential mortgage broker, or mortgage loan originator, or a stock holder, an officer, director, partner or other owner, or an employee of a licensee, or active in any other capacity pursuant to the bill.

The bill also allows the commissioner to impose certain civil and criminal penalties for violations of the bill, and specifies that these remedies are in addition to any accorded by common law and statutory law, including those provided to the Attorney General pursuant to the consumer fraud act.

The bill also adds mortgage servicers licensed pursuant to the “Mortgage Servicers Licensing Act” to those entities that are governed by the “special purpose apportionment statute,” P.L.2005, c.199 (C.17:1C-33 et seq.), which allows the commissioner to assess various regulated entities in order to fund the Division of Banking for its regulatory operations.

Finally, the bill provides the commissioner the authority to adopt rules and regulations, pursuant to the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), including any fines or penalties, necessary to effectuate the provisions of the bill.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- Revise certain aspects of the financial responsibility standards that mortgage servicers must meet.
- Provide additional enforcement mechanisms to the Commissioner of Banking and Insurance.
- Allow the commissioner to impose specific civil and criminal penalties.
- Clarify that the remedies provided by the bill are in addition to any accorded by common law and statutory law.
- Add mortgage servicers to the entities that are governed by the Division of Banking’s “special purpose apportionment statute.”

ASSEMBLY HOUSING AND COMMUNITY DEVELOPMENT
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 4997

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 6, 2019

The Assembly Housing and Community Development Committee reports favorably Assembly Bill No. 4997, with committee amendments.

As amended, this bill, entitled the “Mortgage Servicers Licensing Act,” requires any person acting as a mortgage servicer to obtain a license from the Commissioner of Banking and Insurance for each main office and each branch office where business is conducted, unless the person is exempt under certain exemptions provided for by the bill. The bill defines a “mortgage servicer” as any person, wherever located, who performs certain functions for the holder of a residential mortgage loan secured by real property located in this State.

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The bill also allows the commissioner to impose certain civil and criminal penalties for violations of the bill, and specifies that these remedies are in addition to any accorded by common law and statutory law, including those provided to the Attorney General pursuant to the consumer fraud act.

The bill also adds mortgage servicers licensed pursuant to the “Mortgage Servicers Licensing Act” to those entities that are governed by the “special purpose apportionment statute,” P.L.2005, c.199 (C.17:1C-33 et seq.), which allows the commissioner to assess various regulated entities in order to fund the Division of Banking for its regulatory operations.

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ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 4997

STATE OF NEW JERSEY

DATED: MARCH 18, 2019

The Assembly Appropriations Committee reports favorably Assembly Bill No. 4997 (1R).

Assembly Bill No. 4997 (1R) entitled the “Mortgage Servicers Licensing Act,” requires any person acting as a mortgage servicer to obtain a license from the Commissioner of Banking and Insurance for each main office and each branch office where business is conducted, unless the person is exempt under certain exemptions provided for by the bill. The bill defines a “mortgage servicer” as any person, wherever located, who performs certain functions for the holder of a residential mortgage loan secured by real property located in this State.

The bill provides that the commissioner shall issue a mortgage servicer license to an applicant if the commissioner makes certain findings, including that the applicant has met certain financial and character and fitness requirements.

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Finally, the bill provides the commissioner the authority to adopt rules and regulations, pursuant to the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), including any fines or penalties, necessary to effectuate the provisions of the bill.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the bill will result in an indeterminate annual State revenue increase to the General Fund due to the collection of any required fees and charges, licensure fee of \$1,000 per applicant, and any penalties resulting from violations of the provisions of the bill. The OLS notes that the bill may result in an indeterminate increase in criminal background check fees collected by the Office of Attorney General.

The OLS notes that the bill may also result in an indeterminate increase in revenue due to the potential assessment of mortgage servicers who obtain a license under the bill pursuant to the special needs assessment charged by the Division of Banking.

The OLS further notes that the Department of Banking and Insurance may incur minimal additional administrative costs related to implementation of the bill. The bill allows the commissioner to conduct investigations and examinations to verify compliance with the bill.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 4997

STATE OF NEW JERSEY 218th LEGISLATURE

DATED: MARCH 29, 2019

SUMMARY

Synopsis: “Mortgage Servicers Licensing Act.”

Type of Impact: Annual State Expenditure and Revenue Increases.

Agencies Affected: Department of Banking and Insurance; Office of the Attorney General.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost Increase	Indeterminate
State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) estimates that the bill will result in an indeterminate annual State revenue increase to the General Fund due to the collection of any required fees and charges, a license fee of \$1,000 per applicant, and any penalties resulting from violations of the provisions of the bill. The OLS notes that the bill may result in an indeterminate revenue increase in the Office of the Attorney General due to the collection of fees for purposes of criminal record background checks.
- The OLS notes that the bill may also result in an indeterminate increase in revenue due to the potential assessment of mortgage servicers who obtain a license under the bill pursuant to the special needs assessment of the Division of Banking in the Department of Banking and Insurance (DOBI).
- The OLS further notes that there may be an indeterminate annual increase in State administrative expenditures tied to DOBI’s implementation of the bill, which authorizes the Commissioner of Banking and Insurance to conduct investigations and examinations to verify compliance.

BILL DESCRIPTION

This bill, entitled the “Mortgage Servicers Licensing Act,” requires any person acting as a mortgage servicer to obtain a license from the Commissioner of Banking and Insurance for each

main office and each branch office where business is conducted, unless the person is exempt under certain exemptions provided for by the bill. The bill defines a “mortgage servicer” as any person, wherever located, who performs certain functions for the holder of a residential mortgage loan secured by real property located in this State.

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The bill also allows the commissioner to impose certain civil and criminal penalties for violations of the bill, and specifies that these remedies are in addition to any accorded by common law and statutory law, including those provided to the Attorney General pursuant to the consumer fraud act.

The bill further adds mortgage servicers licensed pursuant to the “Mortgage Servicers Licensing Act” to those entities that are governed by the “special purpose apportionment statute,” P.L.2005, c.199 (C.17:1C-33 et seq.), which allows the commissioner to assess various regulated entities in order to fund the Division of Banking for its regulatory operations.

Finally, the bill provides the commissioner the authority to adopt rules and regulations, pursuant to the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), including any fines or penalties, necessary to effectuate the provisions of the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill will result in an indeterminate annual State revenue increase to the General Fund due to the collection of any required fees and charges, a license fee of \$1,000 per applicant, and any penalties resulting from violations of the provisions of the bill. The OLS notes that the bill may result in an indeterminate revenue increase in the Office of the Attorney General due to the collection of fees for purposes of criminal record background checks.

The OLS notes that the bill may also result in an indeterminate increase in revenue due to the potential assessment of mortgage servicers who obtain a license under the bill pursuant to the special needs assessment of the Division of Banking.

The OLS further notes that there may be an indeterminate annual increase in State administrative expenditures tied to DOBI's implementation of the bill, which authorizes the Commissioner of Banking and Insurance to conduct investigations and examinations to verify compliance.

Section: Commerce, Labor and Industry

*Analyst: Juan C. Rodriguez
Associate Fiscal Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

SENATE, No. 3417

STATE OF NEW JERSEY
218th LEGISLATURE

INTRODUCED JANUARY 31, 2019

Sponsored by:

Senator STEVEN V. OROHO

District 24 (Morris, Sussex and Warren)

Senator TROY SINGLETON

District 7 (Burlington)

Senator DAWN MARIE ADDIEGO

District 8 (Atlantic, Burlington and Camden)

SYNOPSIS

“Mortgage Servicers Licensing Act.”

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning licensing of mortgage servicers and
2 supplementing Title 17 of the Revised Statutes.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. This act shall be known and may be cited as the “Mortgage
8 Servicers Licensing Act.”

9

10 2. As used in this act:

11 “Branch office” means a location other than the main office at
12 which a licensee or any person on behalf of a licensee acts as a
13 mortgage servicer.

14 “Commissioner” means the Commissioner of Banking and
15 Insurance.

16 “Control” means the power, directly or indirectly, to direct the
17 management or policies of a company, whether through ownership
18 of securities, by contract or otherwise.

19 “Control person” means an individual that directly or indirectly
20 exercises control over any person that:

21 (1) is a director, general partner or executive officer;

22 (2) in the case of a corporation, directly or indirectly has the
23 right to vote 10 percent or more of a class of any voting security or
24 has the power to sell or direct the sale of 10 percent or more of any
25 class of voting securities;

26 (3) in the case of a limited liability company, is a managing
27 member; or

28 (4) in the case of a partnership, has the right to receive upon
29 dissolution, or has contributed, 10 percent or more of the capital,
30 shall be presumed to be a control person.

31 “Department” means the Department of Banking and Insurance.

32 “Individual” means a natural person.

33 “Mortgage servicer” means:

34 (1) any person, wherever located, who, for the person or on
35 behalf of the holder of a residential mortgage loan, receives
36 payments of principal and interest in connection with a residential
37 mortgage loan, records the payments on the person’s books and
38 records and performs the other administrative functions as may be
39 necessary to properly carry out the mortgage holder’s obligations
40 under the mortgage agreement including, when applicable, the
41 receipt of funds from the mortgagor to be held in escrow for
42 payment of real estate taxes and insurance premiums and the
43 distribution of the funds to the taxing authority and insurance
44 company; and

45 (2) includes a person who makes payments to borrowers
46 pursuant to the terms of a home equity conversion mortgage or
47 reverse mortgage.

1 “Mortgagee” means the grantee of a residential mortgage,
2 provided if the residential mortgage has been assigned of record,
3 “mortgagee” means the last person to whom the residential
4 mortgage has been assigned of record.

5 “Mortgagor” means any person obligated to repay a residential
6 mortgage loan.

7 “Office” means a main office or branch office.

8 “Residential mortgage loan” means a loan made to a natural
9 person or persons to whom credit is offered or extended primarily
10 for personal, family or household purposes which is secured by a
11 mortgage constituting a lien upon real property located in this State
12 on which there is erected or to be erected a structure containing one,
13 two, three, four, five, or six dwelling units, a portion of which
14 structure may be used for nonresidential purposes, in the making of
15 which the mortgagee relies primarily upon the value of the
16 mortgaged property.

17 “Residential mortgage lender” means the same as “residential
18 mortgage lender” as defined in section 3 of P.L.2009, c.53
19 (C.17:11C-53).

20

21 3. a. On and after January 1, 2019, no person shall act as a
22 mortgage servicer, directly or indirectly, without first obtaining a
23 license under section 4 of this act from the commissioner for its
24 main office, which shall be designated by the mortgage servicer,
25 and each branch office where business is conducted, unless the
26 person is exempt from licensure pursuant to subsection b. of this
27 section.

28 b. The following persons shall be exempt from mortgage
29 servicer licensing requirements:

30 (1) any bank, out-of-state bank, credit union chartered in New
31 Jersey, federal credit union, or out-of-state credit union, provided
32 the bank or credit union is federally insured;

33 (2) any wholly-owned subsidiary of the bank or credit union;

34 (3) any operating subsidiary in situations in which each owner
35 of the operating subsidiary is wholly owned by the same bank or
36 credit union;

37 (4) any person licensed as a residential mortgage lender
38 pursuant to the “New Jersey Residential Mortgage Lending Act,”
39 P.L.2009, c.53 (C.17:11C-51 through C.17:11C-89), while acting as
40 a mortgage servicer, provided that:

41 (a) the person meets the supplemental mortgage servicer surety
42 bond, fidelity bond, and errors and omissions coverage
43 requirements under section 8 of this act; and

44 (b) during any period that the license of the residential mortgage
45 lender in this State has been suspended, the exemption shall not be
46 effective; and

47 (5) the New Jersey Housing and Mortgage Finance Agency.

1 c. The provisions of sections 9 through 12 of this act shall
2 apply to any person, including a person exempt from licensure
3 pursuant to subsection b. of this section, who acts as a mortgage
4 servicer in this State on or after January 1, 2019.

5
6 4. a. The commissioner shall issue a mortgage servicer license
7 to an applicant if the commissioner finds that:

8 (1) the applicant has identified a qualified individual for its
9 main office, and a branch manager for each branch office where the
10 business is conducted, provided the qualified individual and branch
11 manager have supervisory authority over the mortgage servicer
12 activities at the respective office location and at least three years'
13 experience in the mortgage servicing business within the five years
14 immediately preceding the date of the application for licensure;

15 (2) the applicant, the control persons of the applicant, the
16 qualified individual and any branch manager with supervisory
17 authority at the office for which the license is sought, have not been
18 convicted of or pled guilty or nolo contendere to, in a domestic,
19 foreign, or military court, a felony during the seven-year period
20 preceding the date of the application for licensing, or a felony
21 involving an act of fraud or dishonesty, a breach of trust or money
22 laundering at any time preceding the date of application, except that
23 any pardon or expungement of a conviction shall not be a
24 conviction for purposes of this paragraph;

25 (3) the applicant demonstrates that the financial responsibility,
26 character and general fitness of the applicant, the control persons of
27 the applicant, the qualified individual and any branch manager
28 having supervisory authority over the office for which the license is
29 sought, warrant a determination that the applicant will operate
30 honestly, fairly and efficiently within the purposes of this act;

31 (4) the applicant has met the surety bond, fidelity bond, and
32 errors and omissions coverage requirement under section 8 of this
33 act;

34 (5) the applicant has not made a material misstatement in the
35 application; and

36 (6) the applicant has met any other similar requirements as
37 determined by the commissioner.

38 If the commissioner fails to make the findings, the commissioner
39 shall not issue a license, and shall notify the applicant of the denial
40 and the reasons for the denial. For purposes of this subsection, the
41 level of offense of the crime and the status of any conviction,
42 pardon, or expungement shall be determined by reference to the law
43 of the jurisdiction where the case was prosecuted. In the event the
44 jurisdiction does not use the term "felony," "pardon," or
45 "expungement," the terms shall include legally equivalent events.
46 For purposes of paragraph (1) of this subsection, "experience in the
47 mortgage servicing business" means paid experience in the:

48 (a) servicing of mortgage loans;

1 (b) accounting, receipt and processing of payments on behalf of
2 mortgagees or creditors; or

3 (c) supervision of these activities, or any other relevant
4 experience as determined by the commissioner.

5 b. An application for a license as a mortgage servicer or
6 renewal of the license shall be filed with the department, in a form
7 prescribed by the commissioner, and shall be accompanied by the
8 fees required by section 7 of this act. The applicant shall, at a
9 minimum, furnish to the department information concerning the
10 identity of the applicant, any control person of the applicant, the
11 qualified individual and any branch manager, including personal
12 history and experience in a form prescribed by the commissioner,
13 and information related to any administrative, civil or criminal
14 findings by any governmental jurisdiction. The applicant shall
15 notify the department of any change to the information submitted in
16 connection with its most recent application for licensure not later
17 than 15 days after the applicant has reason to know of the change.
18 For the purpose of this subsection, evidence of experience of the
19 qualified individual and any branch manager shall include:

20 (1) a statement specifying the duties and responsibilities of the
21 person's employment, the term of employment, including month
22 and year, and the name, address and telephone number of a
23 supervisor, employer or, if self-employed, a business reference; and

24 (2) if required by the commissioner, copies of W-2 forms, 1099
25 tax forms or, if self-employed, 1120 corporate tax returns, signed
26 letters from the employer on the employer's letterhead verifying the
27 person's duties and responsibilities and term of employment
28 including month and year, and, if the person is unable to provide the
29 letters, other proof satisfactory to the commissioner that the person
30 meets the experience requirement. The commissioner may conduct
31 a criminal history records check of the applicant, any control person
32 of the applicant, the qualified individual and any branch manager
33 with supervisory authority at the office for which the license is
34 sought and require the applicant to submit the fingerprints of those
35 persons as part of the application. The commissioner is authorized
36 to exchange fingerprint data with and receive criminal history
37 record information from the State Bureau of Identification in the
38 Division of State Police and the Federal Bureau of Investigation
39 consistent with applicable State and federal laws, rules and
40 regulations, for the purposes of facilitating determinations
41 concerning licensure eligibility for the applicant, any control person
42 of the applicant, the qualified individual and any branch manager.
43 The applicant shall bear the cost for the criminal history record
44 background check, including all costs of administering and
45 processing the check. The Division of State Police shall promptly
46 notify the commissioner in the event any person who was the
47 subject of a criminal history record background check pursuant to
48 this section, is arrested for a crime or offense in this State after the

1 date the background check was performed, whether the person is a
2 prospective new licensee, or subsequently, a current license holder.

3 c. (1) The minimum standards for license renewal for a
4 mortgage servicer shall include the following:

5 (a) the applicant continues to meet the minimum standards
6 under subsection a. of this section; and

7 (b) the mortgage servicer has paid all required fees for renewal
8 of the license.

9 (2) The license of a mortgage servicer that fails to satisfy the
10 minimum standards for license renewal shall expire. The
11 commissioner may adopt procedures for the reinstatement of
12 expired licenses. The commissioner may suspend a mortgage
13 servicer license if the licensee is in violation of any provision of
14 this act. After a license has been suspended pursuant to this section,
15 the commissioner shall give the licensee notice of the suspension,
16 pending proceedings for revocation or refusal to renew pursuant to
17 sections 14 and 15 of this act and an opportunity for a hearing on
18 the action and require the licensee to take or refrain from taking any
19 action that, in the opinion of the commissioner, is necessary to
20 effectuate the purposes of this act.

21 d. (1) Withdrawal of an application for a license filed under
22 this section shall become effective upon receipt by the
23 commissioner of a notice of intent to withdraw the application. The
24 commissioner may deny a license up to one year after the effective
25 date of withdrawal.

26 (2) If the license of a mortgage servicer expires due to the
27 licensee's failure to renew, the commissioner may institute a
28 revocation or suspension proceeding or issue an order suspending or
29 revoking the license pursuant to subsection a. of section 14 of this
30 act not later than one year after the date of the expiration.

31 e. The commissioner may deem an application for a license
32 under this section abandoned if the applicant fails to respond to any
33 request for information required under this act, or the regulations
34 adopted pursuant to this act. The commissioner shall notify the
35 applicant that if the information is not submitted within 60 days
36 from the date of the request, the application shall be deemed
37 abandoned. An application filing fee paid prior to the date an
38 application is deemed abandoned pursuant to this subsection shall
39 not be refunded. Abandonment of an application pursuant to this
40 subsection shall not preclude the applicant from submitting a new
41 application for a license.

42

43 5. At least annually, a mortgage servicer shall file with the
44 commissioner the following information with respect to mortgages
45 that it services in this State:

46 a. a current schedule of the ranges of costs and fees it charges
47 mortgagors for its servicing-related activities;

- 1 b. a report in a form and format acceptable to the commissioner
2 detailing the mortgage servicer's activities in the State, including:
3 (1) the number of residential mortgage loans the mortgage
4 servicer is servicing; and
5 (2) the type and characteristics of the residential mortgage loans
6 the mortgage servicer is servicing;
7 c. the number of serviced residential mortgage loans in default,
8 along with a breakdown of 30, 60, and 90-days of delinquency;
9 d. a description of the mortgage servicer's loss mitigation
10 activities, including details on workout arrangements undertaken;
11 and
12 e. the number of foreclosures commenced.
13
- 14 6. a. A mortgage servicer license shall not be transferable or
15 assignable. A licensee shall not use any name other than its legal
16 name or a fictitious name approved by the commissioner, provided
17 the licensee shall not use its legal name if the commissioner
18 disapproves use of the name. Any licensee who intends to
19 permanently cease acting as a mortgage servicer at any time during
20 a license period for any cause, including, but not limited to,
21 bankruptcy or voluntary dissolution, shall file with the department a
22 request to surrender the license for each office at which the licensee
23 intends to cease to do business, not later than 15 days after the date
24 of the cessation. A surrender shall not be effective until accepted by
25 the commissioner.
- 26 b. A mortgage servicer licensee may change the name of the
27 licensee or address of any office specified on the most recent filing
28 with the department if:
29 (1) at least 30 calendar days prior to the change, the licensee
30 files the change with the department and, in the case of a main
31 office or branch office, provides, directly to the commissioner, a
32 bond rider or endorsement, or addendum, as applicable, to any bond
33 or evidence of errors and omissions coverage on file with the
34 commissioner that reflects the new name or address of the main
35 office or branch office; and
36 (2) the commissioner does not disapprove the change, in
37 writing, or request further information within the 30 day period.
- 38 c. The mortgage servicer licensee shall notify the department,
39 in writing, not later than five business days after the licensee has
40 reason to know of the occurrence of any of the following events:
41 (1) filing for bankruptcy, or the consummation of a corporate
42 restructuring, of the licensee;
43 (2) filing of a criminal indictment against the licensee or
44 receiving notification of the filing of any criminal felony indictment
45 or felony conviction of any of the licensee's officers, directors,
46 members, partners or shareholders owning ten percent or more of
47 the outstanding stock;

1 (3) receiving notification of the institution of license denial,
2 cease and desist, suspension or revocation procedures, or other
3 formal or informal regulatory action by any governmental agency
4 against the licensee and the reasons for the action;

5 (4) receiving notification of the initiation of any action by the
6 Attorney General or the attorney general of any other state and the
7 reasons for the action;

8 (5) suspension or termination of the licensee's status as an
9 approved seller or servicer by the Federal National Mortgage
10 Association, Federal Home Loan Mortgage Corporation or
11 Government National Mortgage Association;

12 (6) receiving notification that certain servicing rights of the
13 licensee will be rescinded or cancelled, and the reasons provided
14 therefor;

15 (7) receiving notification of filing for bankruptcy of any of the
16 licensee's officers, directors, members, partners or shareholders
17 owning ten percent or more of the outstanding stock of the licensee;
18 or

19 (8) receiving notification of the initiation of a class action
20 lawsuit on behalf of consumers against the licensee that is related to
21 the operation of the licensed business.

22

23 7. a. An initial mortgage servicer license shall expire at the
24 close of business on December 31 of the year in which it is
25 approved, except that any license that is approved on or after
26 November 1 shall expire at the close of business on December 31 of
27 the year following the year in which it is approved. An application
28 for renewal of a license shall be filed between November 1 and
29 December 31 of the year in which the license expires and a renewal
30 license shall expire at the close of business on December 31 of the
31 third year after the year in which it was approved. Each applicant
32 for an initial license or renewal of a license as a mortgage servicer
33 shall pay to the department any required fees or charges and a
34 license fee of \$1,000. Each applicant for a renewal license shall pay
35 to the department any required fees or charges and a license fee of
36 \$3,000.

37 b. All fees paid pursuant to this section, including fees paid in
38 connection with an application that is denied or withdrawn prior to
39 the issuance of the license, shall be nonrefundable. A fee paid
40 pursuant to this section shall not be prorated if the license is
41 surrendered, revoked or suspended prior to the expiration of the
42 period for which it was approved.

43

44 8. a. A mortgage servicer applicant or licensee and any person
45 exempt from mortgage servicer licensure pursuant to paragraph (4)
46 of subsection b. of section 3 of this act shall file with the
47 commissioner:

1 (1) a surety bond, written by a surety authorized to write the
2 bonds in this State, covering its main office and any branch office
3 from which it acts as mortgage servicer, in a penal sum of \$100,000
4 per office location in accordance with subsection b. of this section;

5 (2) a fidelity bond, written by a surety authorized to write the
6 bonds in this State, in accordance with the requirements of
7 subsection c. of this section; and

8 (3) evidence of errors and omissions coverage, written by an
9 entity authorized to write the coverage in this State, in accordance
10 with the requirements of subsection c. of this section. A mortgage
11 servicer licensee and a person otherwise exempt from mortgage
12 servicer licensure pursuant to paragraph (4) of subsection b. of
13 section 3 of this act shall not act as a mortgage servicer in this State
14 without maintaining the surety bond, fidelity bond and errors and
15 omissions coverage required by this section.

16 b. The surety bond required by subsection a. of this section
17 shall be:

18 (1) in a form approved by the Attorney General; and

19 (2) conditioned upon the mortgage servicer licensee or person
20 exempt from mortgage servicer licensure pursuant to paragraph (4)
21 of subsection b. of section 3 of this act performing any and all
22 written agreements or commitments with or for the benefit of
23 mortgagors and mortgagees, accounting for all funds received from
24 a mortgagor or mortgagee in the person's capacity as a mortgage
25 servicer, and conducting the mortgage business consistent with the
26 provisions of this act. Any mortgagor damaged by the failure of a
27 mortgage servicer licensee or person exempt from mortgage
28 servicer licensure pursuant to paragraph (4) of subsection b. of
29 section 3 of this act to perform any written agreements or
30 commitments, or by the wrongful conversion of funds paid by a
31 mortgagor to the licensee or person, may proceed on the bond
32 against the principal or surety thereon, or both, to recover damages.
33 The commissioner may proceed on the bond against the principal or
34 surety on the bond, or both, to collect any appropriate civil penalty.
35 The proceeds of the bond, even if commingled with other assets of
36 the principal, shall be deemed by operation of law to be held in trust
37 for the benefit of claimants against the principal in the event of
38 bankruptcy of the principal and shall be immune from attachment
39 by creditors and judgment creditors. The surety bond shall run
40 concurrently with the period of the license for the main office of the
41 mortgage servicer or residential mortgage lender and the aggregate
42 liability under the bond shall not exceed the penal sum of the bond.
43 The principal shall notify the commissioner of the commencement
44 of an action on the bond. When an action is commenced on a
45 principal's bond, the commissioner may require the filing of a new
46 bond and immediately on recovery on any action on the bond, the
47 principal shall file a new bond.

1 c. The fidelity bond and errors and omissions coverage
2 required by subsection a. of this section shall name the Department
3 of Banking and Insurance as an additional loss payee on drafts the
4 surety issues to pay for covered losses directly or indirectly
5 incurred by mortgagors of residential mortgage loans serviced by
6 the mortgage servicer. The fidelity bond shall cover losses arising
7 from dishonest and fraudulent acts, embezzlement, misplacement,
8 forgery and similar events committed by employees of the mortgage
9 servicer. The errors and omissions coverage shall cover losses
10 arising from negligence, errors and omissions by the mortgage
11 servicer with respect to the payment of real estate taxes and special
12 assessments, hazard and flood insurance or the maintenance of
13 mortgage and guaranty insurance. The fidelity bond and errors and
14 omissions coverage shall each be in the following principal amounts
15 based on the mortgage servicer's volume of servicing activity most
16 recently reported to the department:

17 (1) If the amount of the residential mortgage loans serviced is
18 \$100,000,000 or less, the principal amount shall be \$300,000; or

19 (2) If the amount of the loans exceeds \$100,000,000, the
20 principal amount shall be \$300,000 plus:

21 (a) three-twentieths of one percent of the amount of residential
22 mortgage loans serviced greater than \$100,000,000 but less than or
23 equal to \$500,000,000;

24 (b) plus one-eighth of one percent of the amount of residential
25 mortgage loans serviced greater than \$500,000,000 but less than or
26 equal to \$100,000,000,000; and

27 (c) plus one-tenth of one percent of the amount of residential
28 mortgage loans serviced greater than \$100,000,000,000.

29 The fidelity bond and errors and omissions coverage may
30 provide for a deductible amount not to exceed the greater of
31 \$100,000 or five percent of the principal amount.

32 d. A surety shall have the right to cancel the surety bond,
33 fidelity bond and errors and omissions coverage required by this
34 section at any time by a written notice to the principal stating the
35 date cancellation shall take effect. The notice shall be sent by
36 certified mail to the principal at least 30 days prior to the date of
37 cancellation. A surety bond, fidelity bond or errors and omissions
38 coverage shall not be cancelled unless the surety notifies the
39 commissioner, in writing, not less than 30 days prior to the effective
40 date of cancellation. After receipt of the notification from the
41 surety, the commissioner shall give written notice to the principal of
42 the date the cancellation shall take effect. The commissioner shall
43 suspend the license of a mortgage servicer on that date. A
44 suspension or inactivation shall not occur if, prior to the date that
45 the bond or errors and omissions coverage cancellation shall take
46 effect:

1 (1) the principal submits a letter of reinstatement of the bond or
2 errors and omissions coverage, or a new bond or errors and
3 omissions policy; or

4 (2) the mortgage servicer licensee has ceased business in this
5 State and has surrendered all licenses in accordance with section 5
6 of this act. After a mortgage servicer license has been suspended
7 pursuant to this section, the commissioner shall give the licensee
8 notice of the suspension, pending proceedings for revocation or
9 refusal to renew pursuant to section 14 of this act and an
10 opportunity for a hearing on the action and require the licensee to
11 take or refrain from taking the action as in the opinion of the
12 commissioner will effectuate the purposes of this section. A person
13 licensed as a residential mortgage lender in this State acting as a
14 mortgage servicer from a location licensed as a main office or
15 branch office shall cease to be exempt from mortgage servicer
16 licensing requirements in this State upon cancellation of any surety
17 bond, fidelity bond or errors and omissions coverage required by
18 this section.

19 e. If the commissioner finds that the financial condition of a
20 mortgage servicer or residential mortgage lender licensee so
21 requires, as evidenced by the reduction of tangible net worth,
22 financial losses or potential losses as a result of a violation of this
23 act, the commissioner may require one or more additional bonds
24 meeting the standards set forth in this section. The licensee shall
25 file any the additional bonds not later than ten days after receipt of
26 the commissioner's written notice of the requirement. A mortgage
27 servicer or residential mortgage lender licensee shall file, as the
28 commissioner may require, any bond rider or endorsement or
29 addendum, as applicable, to any bond or evidence of errors and
30 omissions coverage on file with the commissioner to reflect any
31 changes necessary to maintain the surety bond, fidelity bond and
32 errors and omissions coverage required by this section.

33
34 9. a. A mortgage servicer licensee and person exempt from
35 licensure pursuant to paragraph (4) of subsection b. of section 3 of
36 this act shall maintain adequate records of each residential mortgage
37 loan transaction at the office named in the mortgage servicer or
38 residential mortgage lender license, or, if requested by the
39 commissioner, shall make the records available at the office or send
40 the records to the commissioner by registered or certified mail,
41 return receipt requested, or by any express delivery carrier that
42 provides a dated delivery receipt, not later than five business days
43 after requested by the commissioner to do so. Upon request, the
44 commissioner may grant a licensee additional time to make the
45 records available or send them to the commissioner. The records
46 shall provide the following information:

47 (1) a loan history for residential mortgage loans upon which
48 payments are received or made by the mortgage servicer, itemizing

1 the amount and date of each payment and the unpaid balance at all
2 times;

3 (2) the original or an exact copy of the note, residential
4 mortgage or other evidence of indebtedness;

5 (3) the name and address of the residential mortgage lender,
6 and mortgage broker, if any, involved in the residential mortgage
7 loan transaction;

8 (4) copies of any disclosures or notifications provided to the
9 mortgagor required by State or federal law;

10 (5) a copy of any bankruptcy plan approved in a proceeding
11 filed by the mortgagor or a co-owner of the property subject to the
12 residential mortgage loan;

13 (6) a communications log that documents all verbal
14 communications with the mortgagor or the mortgagor's
15 representative; and

16 (7) a copy of all notices sent to the mortgagor related to any
17 foreclosure proceeding filed against the encumbered property.

18 b. Every mortgage servicer licensee and person exempt from
19 licensure pursuant to paragraph (4) of subsection b. of section 3 of
20 this act shall retain the records of each residential mortgage loan
21 serviced for not less than two years following the final payment on
22 the residential mortgage loan, or the assignment of the residential
23 mortgage loan, whichever occurs first, or a longer period as may be
24 required by any other provision of law. Every mortgage servicer
25 licensee and person exempt from licensure pursuant to paragraph
26 (4) of subsection b. of section 3 of this act shall keep and use in its
27 business books, accounts and records that will enable the
28 commissioner to determine whether the mortgage servicer is
29 complying with the provisions of this act.

30

31 10. Upon assignment of servicing rights on a residential
32 mortgage loan, the mortgage servicer shall disclose to the
33 mortgagor:

34 a. any notice required by the "Real Estate Settlement
35 Procedures Act of 1974" (12 U.S.C. s.2601 et seq.), and the
36 regulations promulgated thereunder, and within the time periods
37 prescribed therein; and

38 b. a schedule of the ranges and categories of its costs and fees
39 for its servicing-related activities, which shall comply with State
40 and federal law and, if the disclosure is made by a mortgage
41 servicer licensee, shall not exceed those reported to the
42 commissioner in accordance with section 5 of this act.

43

44 11. a. A mortgage servicer shall comply with all applicable
45 federal laws and regulations relating to mortgage loan servicing,
46 including, but not limited to:

47 (1) the "Real Estate Settlement Procedures Act of 1974" (12
48 U.S.C. s.2601 et seq.); and

1 (2) the “Truth-in-Lending Act” (15 U.S.C. s.1601 et seq.).

2 b. In addition to any other remedies provided by law, a
3 violation of any the federal law or regulation shall be deemed a
4 violation of this section and a basis upon which the commissioner
5 may take enforcement action pursuant to section 14 of this act.

6
7 12. a. A mortgage servicer shall maintain and keep current a
8 schedule of fees that it charges mortgagors for its servicing-related
9 activities. The schedule shall identify each fee, provide a plain
10 English explanation of the fee and state the amount of the fee or
11 range of amounts or, if there is no standard fee, how the fee is
12 calculated or determined. A mortgage servicer shall make its
13 schedule available to the mortgagor or the mortgagor’s authorized
14 representative upon request.

15 b. A mortgage servicer shall not impose any late fee or
16 delinquency charge when the only delinquency is attributable to late
17 fees or delinquency charges assessed on an earlier payment, and the
18 payment is otherwise a full payment for the applicable period and is
19 paid on its due date or within any applicable grace period. Late
20 charges shall not be:

- 21 (1) based on an amount greater than the past due amount;
22 (2) collected from the escrow account or from escrow surplus
23 without the approval of the mortgagor; or
24 (3) deducted from any regular payment.

25
26 13. A mortgage servicer shall not:

27 a. directly or indirectly employ any scheme, device or artifice
28 to defraud or mislead mortgagors or mortgagees or to defraud any
29 person;

30 b. engage in any unfair or deceptive practice toward any person
31 or misrepresent or omit any material information in connection with
32 the servicing of a residential mortgage loan, including, but not
33 limited to, misrepresenting the amount, nature or terms of any fee
34 or payment due or claimed to be due on a residential mortgage loan,
35 the terms and conditions of the servicing agreement or the
36 mortgagor’s obligations under the residential mortgage loan;

37 c. obtain property by fraud or misrepresentation;

38 d. knowingly misapply or recklessly apply residential mortgage
39 loan payments to the outstanding balance of a residential mortgage
40 loan;

41 e. knowingly misapply or recklessly apply payments to escrow
42 accounts;

43 f. place hazard, homeowner’s or flood insurance on the
44 mortgaged property when the mortgage servicer knows or has
45 reason to know that the mortgagor has an effective policy for the
46 insurance;

47 g. knowingly or recklessly provide inaccurate information to a
48 credit bureau, thereby harming a mortgagor’s creditworthiness;

- 1 h. fail to report both the favorable and unfavorable payment
2 history of the mortgagor to a nationally recognized consumer credit
3 bureau at least annually if the mortgage servicer regularly reports
4 information to a credit bureau;
- 5 i. collect private mortgage insurance beyond the date for which
6 private mortgage insurance is required;
- 7 j. fail to issue a release of mortgage in accordance with the
8 provisions of P.L.1975, c.137 (C.46:18-11.2 et seq.);
- 9 k. fail to provide written notice to a mortgagor upon taking
10 action to place hazard, homeowner's or flood insurance on the
11 mortgaged property, including a clear and conspicuous statement of
12 the procedures by which the mortgagor may demonstrate that the
13 mortgagor has the required insurance coverage and by which the
14 mortgage servicer shall terminate the insurance coverage placed by
15 it and refund or cancel any insurance premiums and related fees
16 paid by or charged to the mortgagor;
- 17 l. place hazard, homeowner's, or flood insurance on a
18 mortgaged property, or require a mortgagor to obtain or maintain
19 that insurance, in excess of the replacement cost of the
20 improvements on the mortgaged property as established by the
21 property insurer;
- 22 m. fail to provide to the mortgagor a refund of unearned
23 premiums paid by a mortgagor or charged to the mortgagor for
24 hazard, homeowner's, or flood insurance placed by a mortgagee or
25 the mortgage servicer if the mortgagor provides reasonable proof
26 that the mortgagor has obtained coverage so that the forced
27 placement insurance is no longer necessary and the property is
28 insured. If the mortgagor provides reasonable proof that no lapse in
29 coverage occurred so that the forced placement is not necessary, the
30 mortgage servicer shall promptly refund the entire premium;
- 31 n. require any amount of funds to be remitted by means more
32 costly to the mortgagor than a bank or certified check or attorney's
33 check from an attorney's account to be paid by the mortgagor;
- 34 o. refuse to communicate with an authorized representative of
35 the mortgagor who provides a written authorization signed by the
36 mortgagor, provided the mortgage servicer may adopt procedures
37 reasonably related to verifying that the representative is in fact
38 authorized to act on behalf of the mortgagor;
- 39 p. conduct any business covered by this act, without holding a
40 valid license as required under this act, or assist or aid and abet any
41 person in the conduct of business without a valid license as required
42 under this act; or
- 43 q. negligently make any false statement or knowingly and
44 willfully make any omission of a material fact in connection with
45 any information or reports filed with a governmental agency or the
46 department or in connection with any investigation conducted by
47 the commissioner or another governmental agency.

1 14. a. The commissioner shall have the authority to conduct
2 investigations and examinations as follows:

3 (1) For purposes of initial licensing, license renewal, license
4 suspension, license conditioning, license revocation or termination,
5 or general or specific inquiry or investigation to determine
6 compliance with this act, the commissioner may access, receive and
7 use any books, accounts, records, files, documents, information or
8 evidence including, but not limited to:

9 (a) criminal, civil and administrative history information;

10 (b) personal history and experience information, including
11 independent credit reports obtained from a consumer reporting
12 agency described in Section 603(p) of the “Fair Credit Reporting
13 Act” (15 U.S.C. 1681a(p)); and

14 (c) any other documents, information or evidence the
15 commissioner deems relevant to the inquiry or investigation
16 regardless of the location, possession, control or custody of the
17 documents, information or evidence; and

18 (2) For the purposes of investigating violations or complaints
19 arising under this act, or for the purposes of examination, the
20 commissioner may review, investigate, or examine any mortgage
21 servicer licensee or person subject to the act as often as necessary in
22 order to carry out the purposes of the act. The commissioner may
23 direct, subpoena, or order the attendance of and examine under oath
24 all persons whose testimony may be required about the residential
25 mortgage loans or the business or subject matter of any
26 examination or investigation, and may direct, subpoena or order the
27 person to produce books, accounts, records, files and any other
28 documents the commissioner deems relevant to the inquiry.

29 b. A mortgage servicer licensee or any person subject to this
30 act shall make or compile reports or prepare other information as
31 directed by the commissioner in order to carry out the purposes of
32 this section including accounting compilations, information lists
33 and data concerning residential mortgage loan transactions in a
34 format prescribed by the commissioner or any other information the
35 commissioner deems necessary to carry out the purposes of this act.

36 c. In making an examination or investigation authorized by this
37 section, the commissioner may control access to any documents and
38 records of the mortgage servicer licensee or person under
39 examination or investigation. The commissioner may take
40 possession of the documents and records or place a person in
41 exclusive charge of the documents and records in the place where
42 they are usually kept. During the period of control, no person shall
43 remove or attempt to remove any of the documents and records
44 except pursuant to a court order or with the consent of the
45 commissioner. Unless the commissioner has reasonable grounds to
46 believe the documents or records of the mortgage servicer licensee
47 or person have been, or are at risk of being, altered or destroyed for
48 purposes of concealing a violation of this act, the mortgage servicer

1 licensee or owner of the documents and records shall have access to
2 the documents or records as necessary to conduct its ordinary
3 business affairs.

4 d. In order to carry out the purposes of this section, the
5 commissioner may:

6 (1) retain attorneys, accountants or other professionals and
7 specialists as examiners, auditors or investigators to conduct or
8 assist in the conduct of examinations or investigations;

9 (2) enter into agreements or relationships with other government
10 officials or regulatory associations in order to improve efficiencies
11 and reduce regulatory burdens by sharing resources, standardized or
12 uniform methods or procedures, and documents, records,
13 information or evidence obtained under this section;

14 (3) use, hire, contract or employ public or privately available
15 analytical departments, methods or software to examine or
16 investigate the mortgage servicer licensee or person subject to this
17 act;

18 (4) accept and rely on examination or investigation reports made
19 by other government officials, within or without this State; and

20 (5) accept audit reports made by an independent certified public
21 accountant for the mortgage servicer licensee or person subject to
22 this act, in the course of that part of the examination covering the
23 same general subject matter as the audit and may incorporate the
24 audit report in the report of examination, report of investigation or
25 other writing of the commissioner.

26 e. The authority of this section shall remain in effect, whether
27 the mortgage servicer licensee or person subject to this act, acts or
28 claims to act under any licensing or registration law of this State, or
29 claims to act without the authority.

30 f. A mortgage servicer licensee or person subject to
31 investigation or examination under this section shall not knowingly
32 withhold, abstract, remove, mutilate, destroy or secrete any books,
33 records, computer records or other information.

34

35 15. a. The commissioner may suspend, revoke or refuse to
36 renew any mortgage servicer license or take any other action for
37 any reason which would be sufficient grounds for the commissioner
38 to deny an application for the license under section 4 of this act, or
39 if the commissioner finds that the licensee, any control person of
40 the licensee, the qualified individual or any branch manager with
41 supervisory authority, trustee, employee or agent of the licensee has
42 done any of the following:

43 (1) made any material misstatement in the application;

44 (2) committed any fraud or misrepresentation or
45 misappropriated funds;

46 (3) violated any of the provisions of this act or of any
47 regulations adopted pursuant thereto, or any other law or regulation
48 applicable to the conduct of its business; or

1 (4) failed to perform any agreement with a mortgagee or a
2 mortgagor.

3 b. Whenever it appears to the commissioner that any person
4 has violated, is violating, or is about to violate any of the provisions
5 of this act or of any regulations adopted pursuant thereto, or any
6 licensee has failed to perform any agreement with a mortgagee or
7 mortgagor, committed any fraud, made any misrepresentation or
8 misappropriated funds, the commissioner may:

9 (1) issue an order directing a person or licensee to cease and
10 desist from engaging in any act or practice that is in violation of this
11 act; and

12 (2) bring an action in any court of competent jurisdiction to
13 enjoin the acts or practices and to enforce compliance with any
14 provision of this act.

15

16 16. The provisions of sections 3 through 12 of this act shall not
17 apply to:

18 (1) a person exempt from licensure as a residential mortgage
19 lender pursuant to the “New Jersey Residential Mortgage Lending
20 Act,” P.L.2009, c.53 (C.17:11C-51 through C.17:11C-89), while
21 servicing residential mortgage loans made pursuant to the
22 exemption;

23 (2) a person servicing five or fewer residential mortgage loans
24 within any period of twelve consecutive months;

25 (3) any agency of the federal government, any state or municipal
26 government or any quasi-governmental agency servicing residential
27 mortgage loans under the specific authority of the laws of any state
28 or the United States; and

29 (4) a person exempt from licensure as a mortgage servicer
30 pursuant to paragraphs (1), (2), and (3) of subsection b. of section 3
31 of this act.

32

33 17. The Commissioner of Banking and Insurance may adopt
34 rules and regulations, pursuant to the “Administrative Procedure
35 Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), including any fines or
36 penalties, necessary to effectuate the provisions of this act.

37

38 18. This act shall take effect on the 90th day next following
39 enactment.

40

41

42

STATEMENT

43

44 This bill, entitled the “Mortgage Servicers Licensing Act,”
45 requires any person acting as a mortgage servicer to obtain a
46 license from the Commissioner of Banking and Insurance for each
47 main office and each branch office where business is conducted,
48 unless the person is exempt under certain exemptions provided for

1 by the bill. The bill defines a “mortgage servicer” as any person,
2 wherever located, who performs certain functions for the holder of a
3 residential mortgage loan secured by real property located in this
4 State.

5 The bill provides that the commissioner shall issue a mortgage
6 servicer license to an applicant if the commissioner makes certain
7 findings, including that the applicant has met certain financial and
8 character and fitness requirements.

9 The bill requires a mortgage servicer to annually file with the
10 commissioner certain information regarding the mortgages that it
11 services in the State. The bill also requires mortgage servicers to
12 file with the commissioner a surety bond, fidelity bond, and
13 evidence of coverage, that meet certain standards as set forth in the
14 bill.

15 A mortgage servicer and a person exempt from licensure are
16 required to maintain adequate records of each residential mortgage
17 loan transaction and are required to produce the records upon
18 request of the commissioner. Upon assigning the servicing rights on
19 a residential mortgage loan, the servicer must make certain
20 disclosures to the mortgagor as set forth in the bill. A mortgage
21 servicer must maintain a schedule of fees charged to mortgagors.
22 The bill also prohibits certain unfair and deceptive trade practices.

23 The bill provides the commissioner the authority to conduct
24 investigation and examination of mortgage servicers. The
25 commissioner can suspend, revoke, or refuse to renew a mortgage
26 servicer license for certain reasons as set forth in the bill.

27 The bill provides the commissioner the authority to adopt rules
28 and regulations, pursuant to the “Administrative Procedure Act,”
29 P.L.1968, c.410 (C.52:14B-1 et seq.), including any fines or
30 penalties, necessary to effectuate the provisions of the bill.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 3417

STATE OF NEW JERSEY

DATED: FEBRUARY 7, 2019

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 3417.

This bill, entitled the “Mortgage Servicers Licensing Act,” requires any person acting as a mortgage servicer to obtain a license from the Commissioner of Banking and Insurance for each main office and each branch office where their business is conducted, unless the person is exempt under certain exemptions provided by the bill. The bill defines a “mortgage servicer” as any person, wherever located, who performs certain functions for the holder of a residential mortgage loan secured by real property located in this State.

The bill provides that the commissioner would issue a mortgage servicer license to an applicant if the commissioner makes certain findings, including that the applicant has met certain financial, character, and fitness requirements.

The bill requires a mortgage servicer to annually file with the commissioner certain information regarding the mortgages that it services in the State. The bill also requires mortgage servicers to file with the commissioner a surety bond, fidelity bond, and evidence of coverage, that meet certain standards set forth in the bill.

Under the bill, a mortgage servicer and a person exempt from licensure are required to maintain adequate records of each residential mortgage loan transaction and are required to produce the records upon request of the commissioner. Upon assigning the servicing rights on a residential mortgage loan, a servicer would have to make certain disclosures to the mortgagor set forth in the bill. A mortgage servicer would also have to maintain a schedule of fees charged to mortgagors. The bill also prohibits certain unfair and deceptive trade practices.

The bill provides the commissioner the authority to conduct investigations and examinations of mortgage servicers. The commissioner can suspend, revoke, or refuse to renew a mortgage servicer license for certain reasons set forth in the bill.

The bill provides the commissioner the authority to adopt rules and regulations, pursuant to the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), including any fines or penalties, necessary to effectuate the provisions of the bill.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 3417

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 4, 2019

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3417, with committee amendments.

As amended, Senate Bill No. 3417, entitled the “Mortgage Servicers Licensing Act,” requires any person acting as a mortgage servicer to obtain a license from the Commissioner of Banking and Insurance for each main office and each branch office where business is conducted, unless the person is exempt under certain exemptions provided for by the bill. The bill defines a “mortgage servicer” as any person, wherever located, who performs certain functions for the holder of a residential mortgage loan secured by real property located in this State.

The bill provides that the commissioner shall issue a mortgage servicer license to an applicant if the commissioner makes certain findings, including that the applicant has met certain financial and character and fitness requirements.

The bill requires a mortgage servicer to annually file with the commissioner certain information regarding the mortgages that it services in the State. The bill also requires mortgage servicers to file with the commissioner a surety bond, fidelity bond, and evidence of coverage, that meet certain standards as set forth in the bill.

A mortgage servicer and a person exempt from licensure are required to maintain adequate records of each residential mortgage loan transaction and are required to produce the records upon request of the commissioner. Upon assigning the servicing rights on a residential mortgage loan, the servicer must make certain disclosures to the mortgagor as set forth in the bill. A mortgage servicer must maintain a schedule of fees charged to mortgagors. The bill also prohibits certain unfair and deceptive trade practices.

The bill provides the commissioner the authority to conduct investigation and examination of mortgage servicers. The commissioner can suspend, revoke, or refuse to renew a mortgage servicer license for certain reasons as set forth in the bill.

The commissioner may also order that any person who has been found to have knowingly violated any provision of bill and has caused financial harm to consumers, shall be barred from acting as a residential mortgage servicer, residential mortgage lender, residential

mortgage broker, or mortgage loan originator, or a stock holder, an officer, director, partner or other owner, or an employee of a licensee, or active in any other capacity pursuant to this bill.

The bill also allows the commissioner to impose certain civil and criminal penalties for violations of the bill, and specifies that these remedies are in addition to any accorded by common law and statutory law, including those provided to the Attorney General pursuant to the consumer fraud act.

The bill also adds mortgage servicers licensed pursuant to the “Mortgage Servicers Licensing Act” to those entities that are governed by the “special purpose apportionment statute,” P.L.2005, c.199 (C.17:1C-33 et seq.), which allows the commissioner to assess various regulated entities in order to fund the Division of Banking for its regulatory operations.

Finally, the bill provides the commissioner the authority to adopt rules and regulations, pursuant to the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), including any fines or penalties, necessary to effectuate the provisions of the bill.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- (1) Revise certain aspects of the financial responsibility standards that mortgage servicers must meet.
- (2) Provide additional enforcement mechanisms to the Commissioner of Banking and Insurance.
- (3) Allow the commissioner to impose specific civil and criminal penalties.
- (4) Clarify that the remedies provided for in the bill are in addition to any accorded by common law and statutory law.
- (5) Add mortgage servicers to the entities that are governed by the Division of Banking’s “special purpose apportionment statute.”

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the bill will result in an indeterminate annual State revenue increase to the General Fund due to the collection of any required fees and charges, license fee of \$1,000 per applicant, and any penalties resulting from violations of the provisions of the bill. The OLS notes that the bill may result in an indeterminate revenue increase in the Office of the Attorney General due to the collection of fees for purposes of criminal record background checks.

The OLS notes that the bill may also result in an indeterminate increase in revenue due to the potential assessment of mortgage servicers who obtain a license under the bill pursuant to the special needs assessment of the Division of Banking.

The OLS further notes that the bill may result in an indeterminate, likely insignificant, annual increase in State administrative

expenditures tied to DOBI's implementation of the bill. Under the bill, the Commissioner of Banking and Insurance may conduct investigations and examinations to verify compliance with the provisions of the bill.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 3417

STATE OF NEW JERSEY

DATED: FEBRUARY 7, 2019

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 3417.

This bill, entitled the “Mortgage Servicers Licensing Act,” requires any person acting as a mortgage servicer to obtain a license from the Commissioner of Banking and Insurance for each main office and each branch office where their business is conducted, unless the person is exempt under certain exemptions provided by the bill. The bill defines a “mortgage servicer” as any person, wherever located, who performs certain functions for the holder of a residential mortgage loan secured by real property located in this State.

The bill provides that the commissioner would issue a mortgage servicer license to an applicant if the commissioner makes certain findings, including that the applicant has met certain financial, character, and fitness requirements.

The bill requires a mortgage servicer to annually file with the commissioner certain information regarding the mortgages that it services in the State. The bill also requires mortgage servicers to file with the commissioner a surety bond, fidelity bond, and evidence of coverage, that meet certain standards set forth in the bill.

Under the bill, a mortgage servicer and a person exempt from licensure are required to maintain adequate records of each residential mortgage loan transaction and are required to produce the records upon request of the commissioner. Upon assigning the servicing rights on a residential mortgage loan, a servicer would have to make certain disclosures to the mortgagor set forth in the bill. A mortgage servicer would also have to maintain a schedule of fees charged to mortgagors. The bill also prohibits certain unfair and deceptive trade practices.

The bill provides the commissioner the authority to conduct investigations and examinations of mortgage servicers. The commissioner can suspend, revoke, or refuse to renew a mortgage servicer license for certain reasons set forth in the bill.

The bill provides the commissioner the authority to adopt rules and regulations, pursuant to the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), including any fines or penalties, necessary to effectuate the provisions of the bill.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 3417

STATE OF NEW JERSEY 218th LEGISLATURE

DATED: MARCH 29, 2019

SUMMARY

- Synopsis:** “Mortgage Servicers Licensing Act.”
- Type of Impact:** Annual State Expenditure and Revenue Increases.
- Agencies Affected:** Department of Banking and Insurance; Office of the Attorney General.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost Increase	Indeterminate
State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) estimates that the bill will result in an indeterminate annual State revenue increase to the General Fund due to the collection of any required fees and charges, a license fee of \$1,000 per applicant, and any penalties resulting from violations of the provisions of the bill. The OLS notes that the bill may result in an indeterminate revenue increase in the Office of the Attorney General due to the collection of fees for purposes of criminal record background checks.
- The OLS notes that the bill may also result in an indeterminate increase in revenue due to the potential assessment of mortgage servicers who obtain a license under the bill pursuant to the special needs assessment of the Division of Banking in the Department of Banking and Insurance (DOBI).
- The OLS further notes that there may be an indeterminate annual increase in State administrative expenditures tied to DOBI’s implementation of the bill, which authorizes the Commissioner of Banking and Insurance to conduct investigations and examinations to verify compliance.

BILL DESCRIPTION

This bill, entitled the “Mortgage Servicers Licensing Act,” requires any person acting as a mortgage servicer to obtain a license from the Commissioner of Banking and Insurance for each main office and each branch office where business is conducted, unless the person is exempt under certain exemptions provided for by the bill. The bill defines a “mortgage servicer” as any person, wherever located, who performs certain functions for the holder of a residential mortgage loan secured by real property located in this State.

The bill provides that the commissioner shall issue a mortgage servicer license to an applicant if the commissioner makes certain findings, including that the applicant has met certain financial and character and fitness requirements.

Both mortgage servicers and persons exempt from licensure are required to maintain adequate records of each residential mortgage loan transaction and are required to produce the records upon request of the commissioner. Upon assigning the servicing rights on a residential mortgage loan, the servicer must make certain disclosures to the mortgagor as set forth in the bill. A mortgage servicer must maintain a schedule of fees charged to mortgagors. The bill also prohibits certain unfair and deceptive trade practices.

The bill provides the commissioner the authority to conduct investigations and examinations of mortgage servicers. The commissioner can suspend, revoke, or refuse to renew a mortgage servicer license for certain reasons as set forth in the bill.

The commissioner may also order that any person who has been found to have knowingly violated any provision of bill and has caused financial harm to consumers, shall be barred from acting as a residential mortgage servicer, residential mortgage lender, residential mortgage broker, or mortgage loan originator, or a stock holder, an officer, director, partner or other owner, or an employee of a licensee, or acting in any other capacity pursuant to the bill.

The bill also allows the commissioner to impose certain civil and criminal penalties for violations of the bill, and specifies that these remedies are in addition to any accorded by common law and statutory law, including those provided to the Attorney General pursuant to the consumer fraud act.

The bill further adds mortgage servicers licensed pursuant to the “Mortgage Servicers Licensing Act” to those entities that are governed by the “special purpose apportionment statute,” P.L.2005, c.199 (C.17:1C-33 et seq.), which allows the commissioner to assess various regulated entities in order to fund the Division of Banking for its regulatory operations.

Finally, the bill provides the commissioner the authority to adopt rules and regulations, pursuant to the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), including any fines or penalties, necessary to effectuate the provisions of the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill will result in an indeterminate annual State revenue increase to the General Fund due to the collection of any required fees and charges, a license fee of \$1,000 per applicant, and any penalties resulting from violations of the provisions of the bill.

The OLS notes that the bill may result in an indeterminate revenue increase in the Office of the Attorney General due to the collection of fees for purposes of criminal record background checks.

The OLS notes that the bill may also result in an indeterminate increase in revenue due to the potential assessment of mortgage servicers who obtain a license under the bill pursuant to the special needs assessment of the Division of Banking.

The OLS further notes that there may be an indeterminate annual increase in State administrative expenditures tied to DOBI's implementation of the bill, which authorizes the Commissioner of Banking and Insurance to conduct investigations and examinations to verify compliance.

Section: Commerce, Labor and Industry

*Analyst: Juan C. Rodriguez
Associated Fiscal Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).



Newark, N.J.

Governor Murphy Signs Legislative Package to Address New Jersey's Foreclosure Crisis

04/29/2019

Governor Murphy Signs Legislative Package to Address New Jersey's Foreclosure Crisis

ATLANTIC CITY – Governor Phil Murphy today signed a bipartisan legislative package into law that will help New Jerseyans struggling with the state's highest-in-the-nation foreclosure rate. The new laws will assist homeowners facing the prospect of foreclosure and pave the way for community revival by addressing blight. Many of the measures were recommended in a September 2018 report by the Special Committee on Residential Foreclosures, which was created by Chief Justice Stuart Rabner.

"The foreclosure crisis has hurt our economy and jeopardized economic security of too many New Jersey families," **said Governor Murphy**. "Our communities cannot succeed while vacant or foreclosed homes sit empty or while families live in limbo. I am proud to sign these bills into law today and get New Jersey closer to ending the foreclosure crisis."

Among the bills, Governor Murphy signed A664, which codifies the Judiciary's Foreclosure Mediation Program into law, creating a long-term, permanent program that will not only increase the number of people entering mediation, but also ensure that homeowners receive housing counseling assistance to help provide them with the best possible outcomes in the foreclosure process.

"The foreclosure crisis hit the families of Atlantic County harder than almost any county in the nation. These bills offer a better path for the region and hope for families in despair," **said Special Counsel Jim Johnson**. "It's a vital and important step forward."

"Foreclosure can take an emotional and financial toll on homeowners and their families. These bills bolster our efforts to help keep families in their homes and neighborhoods intact," **said New Jersey Housing and Mortgage Finance Agency (NJHMFA) Executive Director Charles A. Richman**. "We know housing counseling works. Counseled homeowners are nearly three times as likely to have their loans modified, and 70 percent more likely to remain current after modification. That's why we have heavily invested our efforts on working to get families the counseling help they need."

The Governor signed the following nine bills into law:

- **A664** - Codifies the Judiciary's Foreclosure Mediation Program; dedicates monies from foreclosure filing fees and fines.
- **A4997** - "Mortgage Servicers Licensing Act."
- **A4999** - Requires filing of certain creditor contact information with residential mortgage foreclosure complaint and lis pendens.
- **A5001** - Revises statute of limitations for residential mortgage foreclosures.

- **A5002** - Permits certain planned real estate developments to file certain liens; concerns limited priority of certain liens.
- **S3411** - Requires receivership appointment application prior to certain foreclosure actions; requires notice of intention to foreclosure on residential mortgage to be filed within 180 days prior to commencing foreclosure; limits reinstatements of dismissed mortgage foreclosure actions.
- **S3413** - Makes certain changes to summary action foreclosure process under "Fair Foreclosure Act."
- **S3416** - Clarifies that "New Jersey Residential Mortgage Lending Act" applies to certain out-of-state persons and involved in residential mortgage lending in the State.
- **S3464** - Revises certain procedures for real estate foreclosure sales; alters adjournment of sale process.

"Foreclosures are tragic situations for New Jersey families that can also create public safety as well as quality of life issues for surrounding communities," **said Senator Steve Oroho**, sponsor of the bill package. "Doing our part to reduce the foreclosure rate statewide will protect families, make neighborhoods safer, and provide children the stability they need both at home and at school. I am proud Governor Murphy signed our bipartisan bill package into law. Stable homes will lead to happier households and better neighborhoods throughout our state."

"We are all aware that the surge in foreclosed properties is a significant factor that hinders more sustained economic growth in our state," **said Senator Troy Singleton**. "Solving the foreclosure issue by preventing homeowners from initially falling into this process will help to increase property values and stabilize our communities, while improving our state's overall economic outlook. This issue is not new. However, the comprehensive approach outlined in these bipartisan laws is unprecedented in our state. They will build upon the continued reduction in pending foreclosure cases and shorten the timeline to adjudicate these cases. This is a reflection of the work undertaken by every branch of our state government."

"Sadly, for too long our state has led the nation in foreclosures, with 70,000 properties going through the process in 2017 alone. Recognizing this problem, Chief Justice Rabner impaneled a blue ribbon committee encompassing the public, private and non-profit sectors to craft solutions, both legislative and regulatory, that were both fair and responsible to our state's residents and housing economy. I was privileged to serve and be a part of the solution," **said Assembly Speaker Craig Coughlin**. "The nine bills signed into law today are the first of many steps we'll take to address foreclosure process concerns in the state. More efficiency and ensuring fairness in the current system protects the interests of our homeowners, our neighborhoods and communities."

"These new laws will help us take a comprehensive approach in dealing with foreclosed homes in New Jersey," **said Assemblyman Benjie Wimberly**. "Foreclosed properties that sit in neighborhoods for years without being maintained are also a major problem, because these homes become eyesores to the community and drive property values down. As chair of the Assembly Housing and Community Development Committee, I will continue to work with Speaker Coughlin and our caucus to help solve the foreclosure crisis in New Jersey."

Advocates also expressed support for the measures.

"We thank Governor Murphy and the Legislature for providing valuable tools to address our state's relentless foreclosure crisis," **said Staci Berger, President and Chief Executive Officer of the Housing and Community Development Network of NJ**. "Residents and neighborhoods have suffered needlessly because the prior Administration failed to take important steps like these. During that time, residents and communities of color were disproportionately impacted by the crisis, losing so much of their housing equity. As NJ's largest HUD housing counseling intermediary, the Network is thrilled that New Jersey's leaders are now working with us and our members to keep people in their homes and helping to protect the single largest investment working families can make."

"Thanks to the leadership of both Governor Murphy and the legislators who sponsored this bill package, New Jersey is one step close to putting the foreclosure crisis behind us," **said Winn Khuong, Executive Director of Action Together New Jersey**. "Governor Murphy's action today puts New Jersey on a path to renewing our communities, something that will change the lives of so many. We are pleased to see New Jersey's leaders moving the state in the right direction."

"We applaud Governor Murphy and all of the legislators on the passage of this package of bills," **said Renee Koubiadis, Executive Director of the Anti-Poverty Network of New Jersey**. "Taken together, these bills will allow for a more transparent and fairer process for people facing default and will help alleviate New Jersey's persistent foreclosure crisis. Particularly, the codification and funding of the Foreclosure Mediation Program will allow families receive to counseling and mediation to find a resolution to be able to stay in their homes."

"A decade after the financial crisis, New Jersey continues to lead the nation in foreclosures," **said Kevin Walsh, Executive Director of Fair Share Housing Center.** "This legislative package will provide needed relief by increasing protections for homeowners and holding lenders accountable. We'd like to thank Governor Murphy and legislative leaders, including Senator Singleton, for pushing through proposals designed to protect working families."

[Back to Top](#)

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Governor Phil Murphy

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[First Lady Tammy](#)

[Snyder Murphy](#)

[Cabinet](#)

[Boards, Commissions](#)

[& Authorities](#)

[Internship](#)

[Opportunities](#)

[Governor's Residence](#)

[- Drumthwacket](#)

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[Economy & Jobs](#)

[Education](#)

[Environment](#)

[Health](#)

[Law & Justice](#)

[Transportation](#)

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[Press Releases](#)

[Public Addresses](#)

[Executive Orders](#)

[Statements on](#)

[Legislation](#)

[Administration Reports](#)

[Transition Reports](#)

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