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P.L. 2018, CHAPTER 108, *approved August 24, 2018*
Assembly, No. 2035 (*First Reprint*)

1 AN ACT concerning certain licensed mortgage lending activities and
2 amending various parts of the statutory law.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. Section 3 of P.L.2009, c.53 (C.17:11C-53) is amended to
8 read as follows:

9 3. As used in this act:

10 “Approved conditional status” means the status of the license of
11 an individual who has satisfied all conditions for licensure as a
12 mortgage loan originator or qualified individual licensee except a
13 satisfactory demonstration of his or her financial responsibility but
14 who is making a good faith effort to achieve the level of financial
15 responsibility required for such licensure.

16 “Approved inactive status” means the status of the license of an
17 individual applicant who has satisfied all conditions for licensure
18 except sponsorship by a licensed business entity or the status of a
19 licensed individual who is no longer so sponsored.

20 “Bona fide not for profit entity” means an organization that:

21 a. maintains tax exempt status under section 501(c)(3) of the
22 Internal Revenue Code of 1986, 26 U.S.C. s.501(c)(3);

23 b. promotes low to moderate income housing or provides
24 homeownership education, or similar services;

25 c. conducts its activities in a manner that serves public or
26 charitable purposes;

27 d. receives funding and revenue and charges fees in a manner
28 that does not incentivize the organization or its employees to act
29 other than in the best interests of its clients;

30 e. compensates employees in a manner that does not
31 incentivize employees to act other than in the best interests of its
32 clients;

33 f. provides to or identifies for the borrower residential
34 mortgage loans with terms that are favorable to the borrower and
35 comparable to mortgage loans and housing assistance provided
36 under government housing assistance programs; and

37 g. meets such other standards as may be prescribed by the
38 commissioner through rulemaking.

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 floor amendments adopted June 21, 2018.

1 "Borrower" means any individual applying for a loan from a
2 licensee licensed under this act, whether or not the loan is granted,
3 and any individual who has actually obtained a loan.

4 "Branch manager" means an employee of a licensed business
5 entity with management responsibilities over a branch and who is
6 identified as such with the Nationwide Mortgage Licensing System
7 and Registry.

8 "Business licensee" means a corporation, association, joint
9 venture, partnership, limited liability company, limited liability
10 partnership, sole proprietorship, or any other legal entity, however
11 organized, permitted under the laws of this State, that is licensed as
12 a residential mortgage lender or residential mortgage broker, or that
13 should be so licensed.

14 "Clerical or support duties" means and includes: (1) the receipt,
15 collection, distribution, and analysis of information common for the
16 processing or underwriting of a residential mortgage loan; or (2)
17 communicating with a borrower to obtain the information necessary
18 for the processing or underwriting of a residential mortgage loan, to
19 the extent that the communication does not include offering or
20 negotiating loan rates or terms, or counseling borrowers about loan
21 rates or terms. However, the term "clerical or support duties" does
22 not include making representations to the public, through
23 advertising or other means of communicating or providing
24 information, such as through the use of business cards, stationery,
25 brochures, signs, rate lists, or other promotional items, indicating
26 that **[a]** the person assigned to perform clerical or support duties
27 can or will perform any of the activities of a licensee under this act
28 or of a person exempt from licensure pursuant to section 5 of this
29 act.

30 "Closed-end loan" with respect to a secondary mortgage loan
31 means a mortgage loan pursuant to which the business licensee
32 advances a specified amount of money and the borrower agrees to
33 repay the principal and interest in substantially equal installments
34 over a stated period of time, except that: (1) the amount of the final
35 installment payment may be substantially greater than the previous
36 installments if the term of the loan is at least 36 months, or under 36
37 months if the remaining term of the first residential mortgage loan
38 is under 36 months; or (2) the amount of the installment payments
39 may vary as a result of the change in the interest rate as permitted
40 by this act.

41 "Commissioner" means the Commissioner of Banking and
42 Insurance.

43 "Controlling interest" means ownership, control or interest of
44 25% or more of the business licensee or applicant.

45 "Correspondent mortgage lender" means a residential mortgage
46 lender who: (1) in the regular course of business, does not hold any
47 mortgage loans in its portfolio, or service mortgage loans, for more
48 than 90 days; and (2) has shown to the department's satisfaction an

1 ability to fund mortgage loans through warehouse agreements, table
2 funding agreements or otherwise.

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

4 "Depository institution" means "depository institution" as
5 defined in section 3 of the "Federal Deposit Insurance Act,"
6 Pub.L.81-797 (12 U.S.C. s.1813), and also means any credit union.

7 "Exempt company" means a person other than a bona fide not for
8 profit entity that is not subject to licensure as a residential mortgage
9 lender or a residential mortgage broker under P.L.2009, c.53
10 (C.17:11C-51 et seq.) that is registered pursuant to subsection d. of
11 section 4 of P.L.2009, c.53 (C.17:11C-54), and that employs, or will
12 employ one or more licensed mortgage loan originators.

13 "Expungement" means, with respect to a record of criminal
14 conviction entered in this State, an order issued pursuant to N.J.S.
15 2C:52-1 et seq. With respect to criminal convictions entered in
16 another state, that other state's definition of expungement or the
17 functional equivalent of expungement will apply.

18 "Federal banking agency" means the Board of Governors of the
19 Federal Reserve System, the Comptroller of the Currency, [the
20 Director of the Office of Thrift Supervision,] the National Credit
21 Union Administration, or the Federal Deposit Insurance
22 Corporation, or any of their successor agencies.

23 "Immediate family member" means a spouse, domestic partner as
24 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), partner in a
25 civil union couple as defined in section 2 of P.L.2006, c.103
26 (C.37:1-29), parent, stepparent, grandparent, sibling, stepsibling,
27 child, stepchild, and grandchild, as related by blood or by law.

28 "Individual" means a natural person.

29 "Individual licensee" means a natural person licensed as a
30 qualified individual licensee for a residential mortgage lender or
31 residential mortgage broker, or a mortgage loan originator.

32 "Insurer" means an entity authorized to transact the business of
33 insurance in this State pursuant to subtitle 3 of Title 17 of the
34 Revised Statutes or subtitle 3 of Title 17B of the New Jersey
35 Statutes.

36 "Licensee" means a legal entity or natural person who is licensed
37 under this act, or who should be so licensed.

38 "Loan processor" or "loan underwriter" means an individual who
39 performs clerical or support duties as an employee, at the direction
40 of and subject to the supervision and instruction of a licensee under
41 this act [or a person exempt from licensure].

42 "Mortgage loan originator" means any individual, not exempt
43 under section 5 of this act and licensed pursuant to the provisions of
44 this act, and any individual who should be licensed pursuant to the
45 provisions of this act, who for compensation or gain, or in the
46 expectation of compensation or gain, either directly or indirectly
47 takes a residential mortgage loan application, or offers or negotiates

1 terms of a residential mortgage loan. However, the term "mortgage
2 loan originator" does not mean an individual:

3 **[(1)]** a. who is a qualified individual licensee for a residential
4 mortgage lender or residential mortgage broker;

5 **[(2)]** b. engaged solely as a loan processor or underwriter,
6 except as provided in section 4 of this act; **[or]**

7 **[(3)]** c. engaged solely in extensions of credit relating to
8 timeshare plans, as defined in section 101(53D) of title 11, United
9 States Code (11 U.S.C. s.101(53D)); or

10 d. (1) employed by a federal, state, or local government
11 agency or a housing finance agency and who acts as a mortgage
12 loan originator only pursuant to his or her official duties as an
13 employee of the federal, state, or local government agency, or of a
14 housing finance agency. The agency itself is not considered a
15 mortgage loan originator under the provisions of P.L.2009, c.53
16 (C.17:11C-51 et seq.).

17 (2) For the purposes of subsection d. of this section:

18 (a) "Employee" means an individual whose manner and means
19 of performance of work are subject to the right of control of, or are
20 controlled by, a person and whose compensation for federal income
21 tax purposes is reported or required to be reported on a W-2 form
22 issued by the controlling person;

23 (b) "Housing finance agency" means any organization that is:

24 (i) Chartered by a state to help meet the affordable housing
25 needs of the residents of the state;

26 (ii) Supervised, directly or indirectly, by the state government;

27 (iii) Subject to audit and review by the state in which it operates;

28 and

29 (iv) Whose activities make it eligible to be a member of the
30 National Council of State Housing Agencies.

31 "Nationwide Mortgage Licensing System and Registry" means
32 the mortgage licensing system developed and maintained by the
33 Conference of State Bank Supervisors and the American
34 Association of Residential Mortgage Regulators, or their
35 successors, and utilized for licensing and registering residential
36 mortgage lenders and residential mortgage brokers as business
37 licensees in accordance with this act, and residential mortgage
38 lenders and brokers as qualified individual licensees and mortgage
39 loan originators as required pursuant to the federal "Secure and Fair
40 Enforcement for Mortgage Licensing Act of 2008," title V of
41 Pub.L.110-289 (12 U.S.C. s.5101 et seq.).

42 "Nontraditional mortgage product" means any mortgage product
43 other than a 30-year fixed rate residential mortgage loan.

44 "Open-end loan" means a secondary mortgage loan made by a
45 residential mortgage lender pursuant to a written agreement with the
46 borrower whereby:

47 (1) The lender may permit the borrower to obtain advances of
48 money from the lender from time to time or the lender may advance

1 money on behalf of the borrower from time to time as directed by
2 the borrower;

3 (2) The amount of each advance and permitted interest and
4 charges are debited to the borrower's account and payments and
5 other credits are credited to the same account;

6 (3) Interest is computed on the unpaid principal balance or
7 balances of the account from time to time; and

8 (4) The borrower has the privilege of paying the account in full
9 at any time or, if the account is not in default, in monthly
10 installments of fixed or determinable amounts as provided in the
11 agreement.

12 “Out-of-State mortgage loan originator” means an individual
13 who maintains a unique identifier through the Nationwide Mortgage
14 Licensing System and Registry and currently holds a valid
15 mortgage loan originator license issued pursuant to the law of any
16 state or other jurisdiction within the United States.

17 "Person" means an individual, sole proprietor, association, joint
18 venture, partnership, limited partnership association, limited
19 liability company, corporation, trust, or any other group of
20 individuals however organized.

21 "Primary market" means the market wherein residential
22 mortgage loans are originated between a residential mortgage lender
23 and a borrower, whether or not through a residential mortgage
24 broker or other conduit, and shall not include the sale or acquisition
25 of a residential mortgage loan after the mortgage loan is closed.

26 "Qualified individual licensee" means an individual **【**licensed as
27 a residential mortgage lender or residential mortgage broker,**】** who
28 is required to be licensed under this act as a condition for a person
29 to be issued or hold a license as a business licensee, whereby the
30 individual: (1) meets, at a minimum, the licensing criteria
31 applicable to a mortgage loan originator; and (2) is an officer,
32 director, partner, owner, or principal of the business licensee.

33 "Registered mortgage loan originator" means any individual
34 who:

35 (1) is a mortgage loan originator and an employee of:

36 (a) a depository institution;

37 (b) a subsidiary that is (i) owned and controlled by a depository
38 institution and (ii) regulated by a federal banking agency; or

39 (c) an institution regulated by the Farm Credit Administration
40 established by section 5.7 of the "Farm Credit Act of 1971,"
41 Pub.L.92-181 (12 U.S.C. s.2241), or its successor; and

42 (2) is registered with, and maintains a unique identifier through,
43 the Nationwide Mortgage Licensing System and Registry ¹and was
44 validly registered as a mortgage loan originator with a depository
45 institution employer for at least the one-year period prior to
46 applying for licensure under the “New Jersey Residential Mortgage
47 Lending Act,” P.L.2009, c.53 (C.17:11C-51 et seq)¹.

1 "Residential mortgage broker" means any person, not exempt
2 under section 5 of this act and licensed pursuant to the provisions of
3 this act, and any person who should be licensed pursuant to the
4 provisions of this act, who for compensation or gain, or in the
5 expectation of compensation or gain, either directly or indirectly
6 takes a residential mortgage loan application for others, or
7 negotiates, places or sells for others, or offers to take an application
8 for, negotiate, place or sell, residential mortgage loans in the
9 primary market for others. **【The term "residential mortgage broker"**
10 **also means an individual who is a qualified individual licensee for a**
11 **residential mortgage broker.】**

12 "Residential mortgage lender" means any person, not exempt
13 under section 5 of this act and licensed pursuant to the provisions of
14 this act, and any person who should be licensed pursuant to the
15 provisions of this act, who for compensation or gain, or in the
16 expectation of compensation or gain, either directly or indirectly
17 takes a residential mortgage loan application, or offers, negotiates,
18 originates, or acquires residential mortgage loans in the primary
19 market. The term "residential mortgage lender" also means **【: (1)】**,
20 with respect to a business licensee, a correspondent mortgage
21 lender, unless the provisions of this act clearly indicate otherwise **【;**
22 **and (2) with respect to an individual licensee, an individual who is a**
23 **qualified individual licensee for a residential mortgage lender】**.

24 "Residential mortgage loan" means any loan primarily for
25 personal, family, or household purposes that is secured by a
26 mortgage, deed of trust, or other equivalent consensual security
27 interest on a dwelling, as defined in section **【103(v) of the Truth in**
28 **Lending Act, Pub.L.90-321 (15 U.S.C. s.1602(v))】** 103(w) of the
29 Truth in Lending Act, Pub.L.90-321 (15 U.S.C. s.1602(w)), or
30 residential real estate upon which is constructed or intended to be
31 constructed a dwelling.

32 "Residential real estate" means any real property located in this
33 State, upon which is constructed or intended to be constructed a
34 dwelling as defined in section **【103(v) of the Truth in Lending Act,**
35 **Pub.L.90-321 (15 U.S.C. s.1602(v))】** 103(w) of the Truth in
36 Lending Act, Pub.L.90-321 (15 U.S.C. s.1602(w)).

37 "Secondary mortgage loan" means a loan made to an individual,
38 association, joint venture, partnership, limited partnership
39 association, limited liability company, trust, or any other group of
40 individuals, however organized, except a corporation, which is
41 secured in whole or in part by a lien upon any interest in real
42 property, including but not limited to shares of stock in a
43 cooperative corporation, created by a security agreement, including
44 a mortgage, indenture, or any other similar instrument or document,
45 which real property is subject to one or more prior mortgage liens
46 and on which there is erected a structure containing a one, two,
47 three, or four family dwelling, as defined in section **【103(v) of the**

1 Truth in Lending Act, Pub.L.90-321 (15 U.S.C. s.1602(v))**】** 103(w)
2 of the Truth in Lending Act, Pub.L.90-321 (15 U.S.C. s.1602(w)), a
3 portion of which structure may be used for nonresidential
4 purposes**】**, except that the following loans shall not be subject to the
5 provisions of this act: (1) a loan which is to be repaid in 90 days or
6 less; (2) a loan which is taken as security for a home repair contract
7 executed in accordance with the provisions of the "Home Repair
8 Financing Act," P.L.1960, c.41 (C.17:16C-62 et seq.); or (3) a loan
9 which is the result of the private sale of a dwelling, if title to the
10 dwelling is in the name of the seller and the seller has resided in
11 that dwelling for at least one year, if the buyer is purchasing that
12 dwelling for his own residence and, if the buyer, as part of the
13 purchase price, executes a secondary mortgage in favor of the
14 seller**】**.

15 "Sponsor" means a business licensee that employs a qualified
16 individual licensee, a mortgage loan originator, or an applicant for a
17 transitional mortgage loan originator license.

18 "State" means any state of the United States, the District of
19 Columbia, any territory of the United States, Puerto Rico, Guam,
20 American Samoa, the U.S. Virgin Islands, and the Commonwealth
21 of the Northern Mariana Islands unless the context clearly indicates
22 otherwise.

23 "Transitional mortgage loan originator license" or "transitional
24 license" means a license, issued to an out-of-State mortgage loan
25 originator ¹or registered mortgage loan originator¹ that provides
26 temporary authority to engage in the business of mortgage loan
27 origination in this State pending the completion by the transitionally
28 licensed individual of the requirements for licensure as a New
29 Jersey mortgage loan originator as set forth in section 7 of
30 P.L.2009, c.53 (C.17:11C-57). A transitional mortgage loan
31 originator license shall be valid for a term of no longer than ¹**【90】**
32 120¹ days.

33 "Unique identifier" means a number or other identifier for a
34 mortgage loan originator or a qualified individual licensee as a
35 residential mortgage lender or residential mortgage broker, assigned
36 by protocols established by the Nationwide Mortgage Licensing
37 System and Registry.

38 (cf: P.L.2009, c.53, s.3)

39

40 2. Section 4 of P.L.2009, c.53 (C.17:11C-54) is amended to
41 read as follows:

42 4. Except as provided under section 5 of this act, beginning no
43 later than July 31, 2010, or a later date approved by the Secretary of
44 the United States Department of Housing and Urban Development
45 pursuant to the provisions of section 1508 of the federal "Secure
46 and Fair Enforcement for Mortgage Licensing Act of 2008,"

1 Pub.L.110-289 (12 U.S.C. s.5107), the licensing requirements under
2 this act shall be as follows:

3 a. For residential mortgage lenders and residential mortgage
4 brokers, as business licensees:

5 (1) No person shall act as a residential mortgage lender or
6 broker without first obtaining a license under this act, except that a
7 person licensed as a residential mortgage lender may act as a
8 broker, if proper disclosure is made. The department shall issue
9 licenses which specify whether a business licensee is licensed as a
10 residential mortgage lender or broker.

11 (2) No person shall be issued or hold a license as a residential
12 mortgage lender or residential mortgage broker unless one officer,
13 director, partner, owner or principal is a qualified individual
14 licensee **【of that same type sought or held】**. The commissioner
15 may, by regulation, require a licensed residential mortgage lender
16 or broker to employ additional qualified individual licensees to
17 properly supervise the business licensee in its branch offices. If a
18 qualified individual licensee allows his license to lapse or for some
19 other reason is no longer affiliated with the business licensee, the
20 business licensee shall notify the commissioner within 10 days, and
21 shall appoint another qualified individual licensee within 90 days or
22 a longer period as permitted by the commissioner.

23 (3) No person licensed as a mortgage banker, correspondent
24 mortgage banker, mortgage broker, or secondary lender under the
25 provisions of the "New Jersey Licensed Lenders Act," sections 1
26 through 49 of P.L.1996, c.157 (C.17:11C-1 et seq.), prior to the
27 effective date of its reform and re-titling as the "New Jersey
28 Consumer Finance Licensing Act" pursuant to P.L.2009, c.53
29 (C.17:11C-51 et al.), shall continue to engage in any activities for
30 which a license was previously issued, and henceforth act as a
31 residential mortgage lender or residential mortgage broker without
32 first obtaining a license under this act.

33 ¹【(4) No person licensed as an insurance producer under the
34 provisions of P.L.2001, c.210 (C.17:22A-26 et seq.) with title
35 insurance authority shall be licensed as a business licensee or
36 engage in the business of mortgage loan origination in accordance
37 with section 1 of P.L.1991, c.18 (C.17:46B-30.1).】¹

38 b. For **【residential mortgage lenders and residential mortgage**
39 **brokers, as】** qualified individual licensees:

40 (1) No individual shall act as a qualified individual licensee for
41 a residential mortgage lender or residential mortgage broker without
42 first obtaining a license under this act. A qualified individual
43 licensee **【licensed as a residential mortgage lender or broker】** may
44 act as a mortgage loan originator.

45 (2) No individual licensee for a mortgage banker, correspondent
46 mortgage banker, mortgage broker, or secondary lender under the
47 provisions of the "New Jersey Licensed Lenders Act," sections 1

1 through 49 of P.L.1996, c.157 (C.17:11C-1 et seq.), prior to the
2 effective date of its reform and re-titling as the "New Jersey
3 Consumer Finance Licensing Act" pursuant to P.L.2009, c.53
4 (C.17:11C-51 et al.), shall continue to engage in any activities for
5 which a license was previously issued, and henceforth act as a
6 qualified individual licensee without first obtaining a license under
7 this act.

8 ¹[(3) No person licensed as an insurance producer under the
9 provisions of P.L.2001, c.210 (C.17:22A-26 et seq.) with title
10 insurance authority shall be licensed as a qualified individual
11 licensee or engage in the business of mortgage loan origination in
12 accordance with section 1 of P.L.1991, c.18 (C.17:46B-30.1).]¹

13 c. For mortgage loan originators:

14 (1) (a) No individual shall act as a mortgage loan originator
15 without first obtaining a license or transitional license under this
16 act.

17 (b) No individual, except as provided in paragraph (2) of this
18 subsection, shall be issued or hold a license or transitional license
19 as a mortgage loan originator unless employed as an originator by
20 one, and not more than one, business licensee, and is subject to the
21 direct supervision and control of that licensee, employed by an
22 exempt company, or who is under a written agreement with and
23 sponsored in the Nationwide Mortgage Licensing System by one,
24 and not more than one, person exempt from licensing requirements
25 and registered with the department under subsection a. of section 5
26 of P.L.2009, c.53 (C.17:11C-55), and is subject to the direct
27 supervision and control of that exempt person.

28 (2) No individual shall act as a loan processor or underwriter
29 who is an independent contractor **【**shall act as a loan processor or
30 underwriter**】** or employed by an independent contractor without
31 first obtaining a mortgage loan originator license under this act,
32 except as provided in subsection d. of this section.

33 (3) No individual registered as a mortgage solicitor under the
34 provisions of the "New Jersey Licensed Lenders Act," sections 1
35 through 49 of P.L.1996, c.157 (C.17:11C-1 et seq.), prior to the
36 effective date of its reform and re-titling as the "New Jersey
37 Consumer Finance Licensing Act" pursuant to P.L.2009, c.53
38 (C.17:11C-51 et al.), shall continue to engage in any activities for
39 which a registration was previously issued, and henceforth act as a
40 mortgage loan originator without first obtaining a license under this
41 act.

42 ¹[(4) No person licensed as an insurance producer under the
43 provisions of P.L.2001, c.210 (C.17:22A-26 et seq.) with title
44 insurance authority shall be licensed as a mortgage loan originator
45 or engage in the business of mortgage loan origination in
46 accordance with section 1 of P.L.1991, c.18 (C.17:46B-30.1).]¹

47 d. For exempt companies:

1 (1) No person shall qualify for registration as an exempt
2 company unless the person is in the business of mortgage loan
3 origination solely by virtue of its performance of loan processing or
4 underwriting functions. The commissioner shall have the authority
5 to adopt rules in accordance with the “Administrative Procedure
6 Act,” P.L.1968, c.410 (C.52:14B-1 et seq.) specifying additional
7 criteria on the basis of which a person in the business of mortgage
8 loan origination solely by virtue of its performance of loan
9 processing or underwriting functions may qualify for registration as
10 an exempt company.

11 (2) An exempt company shall register with the commissioner
12 and with the Nationwide Mortgage Licensing System and Registry.
13 An applicant for registration or for renewal of registration as an
14 exempt company shall:

15 (a) Submit a completed application to the commissioner on the
16 form, in the manner, and with the appropriate evidence in support of
17 the application as may be prescribed by the commissioner;

18 (b) Pay to the commissioner at the time of application a
19 nonrefundable application fee not to exceed \$500 as established by
20 the commissioner by regulation;

21 (c) Pay to the Nationwide Mortgage Licensing System and
22 Registry any fees required by that system and registry, or any fees
23 which, by arrangement of the commissioner, are payable to the
24 Nationwide Mortgage Licensing System and Registry on behalf of
25 the commissioner; and

26 (d) Obtain a blanket bond in an amount and form prescribed by
27 the commissioner, but not less than \$25,000. The bond shall be
28 obtained from a surety company authorized by law to do business in
29 this State. The exempt company shall procure the bond to cover its
30 mortgage loan origination related activities. The bond shall run to
31 the State for the benefit of any person injured by the wrongful act,
32 default, fraud or misrepresentation of any person covered by the
33 bond. No bond shall comply with the requirements of this
34 subparagraph unless the bond contains a provision that it shall not
35 be canceled for any cause unless notice of intention to cancel is
36 filed in the department at least 30 days before the day upon which
37 cancellation shall take effect.

38 (3) A registered exempt company shall:

39 (a) Respond in a timely manner to any request of the
40 commissioner for the production of and access to books, records,
41 accounts, documents or other information relative to its operations;

42 (b) Submit to the Nationwide Mortgage Licensing System and
43 Registry a mortgage call report of conditions, in the form and
44 manner, and with such information, at any time as may be required
45 by the nationwide system and registry, and any other report to, or
46 through, the nationwide system and registry pursuant to an
47 arrangement for reporting and sharing information;

1 (c) Provide written notice to the commissioner within 10 days of
2 the occurrence of any event that would cause the exempt company
3 to no longer qualify for registration as such under the terms of this
4 subsection d. and so notify in writing all licensed mortgage loan
5 originators employed or retained by the exempt company; and

6 (d) Employ at least one individual who is licensed as a mortgage
7 loan originator who shall not engage in the origination of mortgage
8 loans under P.L. , c. (pending before the Legislature as this bill)
9 and shall be assigned supervision and instruction duties with respect
10 to individuals employed as loan processors or loan underwriters as
11 defined in section 3 of P.L.2009, c.53 (C.17:11C-53).

12 (cf: P.L.2015, c.14, s.1)

13
14 3. Section 5 of P.L.2009, c.53 (C.17:11C-55) is amended to
15 read as follows:

16 5. The requirements of this act shall not apply to:

17 a. Depository institutions; but subsidiaries and service
18 corporations of these institutions shall not be exempt. A depository
19 institution may register with the department for the purpose of
20 sponsoring individuals, licensed as mortgage loan originators
21 subject to subparagraph (b) of paragraph (1) of subsection c. of
22 section 4 of P.L.2009, c.53 (C.17:11C-54), provided that such
23 registered entity obtains and maintains bond coverage for mortgage
24 loan originators consistent with section 13 of P.L.2009, c.53
25 (C.17:11C-63). A depository institution registered with the
26 department in accordance with this subsection a. shall otherwise
27 remain exempt from the licensing requirements of P.L.2009, c.53
28 (C.17:11C-51 et seq.).

29 b. A registered mortgage loan originator that is registered
30 under the federal "Secure and Fair Enforcement for Mortgage
31 Licensing Act of 2008," title V of Pub.L.110-289 (12 U.S.C. s.5101
32 et seq.).

33 c. A licensed attorney who negotiates the terms of a residential
34 mortgage loan on behalf of a client as an ancillary matter to the
35 attorney's representation of the client, unless the attorney is
36 compensated by a residential mortgage lender, residential mortgage
37 broker, or mortgage loan originator.

38 d. A person licensed as a real estate broker or salesperson
39 pursuant to R.S.45:15-1 et seq., and not engaged in the business of a
40 residential mortgage lender or residential mortgage broker. Any
41 person holding a license under this act as a residential mortgage
42 lender or broker shall be exempt from the licensing and other
43 requirements of R.S.45:15-1 et seq. in the performance of those
44 functions authorized by this act.

45 e. Any employer, other than a residential mortgage lender, who
46 provides residential mortgage loans to his employees as a benefit of
47 employment which are at an interest rate which is not in excess of
48 the usury rate in existence at the time the loan is made, as

1 established in accordance with the law of this State, and on which
2 the borrower has not agreed to pay, directly or indirectly, any
3 charge, cost, expense or any fee whatsoever, other than that interest.

4 f. The State of New Jersey or a municipality, or any agency or
5 instrumentality thereof, which, in accordance with a housing
6 element that has received substantive certification from the Council
7 on Affordable Housing pursuant to the "Fair Housing Act,"
8 P.L.1985, c.222 (C.52:27D-301 et al.), or in fulfillment of a
9 regional contribution agreement with a municipality that has
10 received a certification, employs or proposes to employ municipally
11 generated funds, funds obtained through any State or federal
12 subsidy, or funds acquired by the municipality under a regional
13 contribution agreement, to finance the provision of affordable
14 housing by extending loans or advances, the repayment of which is
15 secured by a lien, subordinate to any prior lien, upon the property
16 that is to be rehabilitated.

17 g. Any individual who offers or negotiates terms of a
18 residential mortgage loan:

19 (1) with or on behalf of an immediate family member; or

20 (2) secured by a dwelling that **【served】** serves as the
21 individual's residence.

22 h. Any person who, during a calendar year takes three or fewer
23 residential mortgage loan applications or offers or negotiates the
24 terms of three or fewer residential mortgage loans or makes three or
25 fewer residential mortgage loans related to manufactured housing
26 structures which are:

27 (1) titled by the New Jersey Motor Vehicle Commission;

28 (2) located in a mobile home park as defined in subsection e. of
29 section 3 of P.L.1983, c.400 (C.54:4-1.4); and

30 (3) exempt from taxation as real property pursuant to subsection
31 b. of section 4 of P.L.1983, c.400 (C.54:4-1.5).

32 i. A bona fide not for profit entity and any individuals directly
33 employed by that entity, so long as the entity maintains its tax
34 exempt status under Section 501(c)(3) of the Internal Revenue Code
35 of 1986 and otherwise meets the definition of "bona fide not for
36 profit entity" in section 3 of P.L.2009, c.53 (C.17:11C-53), as
37 periodically determined by the department in accordance with rules
38 established by the commissioner.

39 (cf: P.L.2015, c.14, s.2)

40
41 4. Section 6 of P.L.2009, c.53 (C.17:11C-56) is amended to
42 read as follows:

43 6. Beginning no later than July 31, 2010, or a later date
44 approved by the Secretary of the United States Department of
45 Housing and Urban Development pursuant to the provisions of
46 section 1508 of the federal "Secure and Fair Enforcement for
47 Mortgage Licensing Act of 2008," Pub.L.110-289 (12 U.S.C.
48 s.5107), the commissioner shall begin issuing licenses for business

1 licensees as residential mortgage lenders or residential mortgage
2 brokers under this act if the following conditions are met:

3 a. A completed application for a new license or for a renewal
4 of a license, submitted to the commissioner on the form, in the
5 manner, and with appropriate evidence in support of the application,
6 as required by this act and as may be prescribed by the
7 commissioner.

8 b. The submission to the commissioner of the name, address,
9 fingerprints and written consent for a criminal history record
10 background check to be performed on any officer, director, partner
11 or owner of a controlling interest of the person seeking licensure.
12 The commissioner is authorized to exchange fingerprint data with
13 and receive criminal history record information from the State
14 Bureau of Identification in the Division of State Police and the
15 Federal Bureau of Investigation consistent with applicable State and
16 federal laws, rules and regulations, for the purposes of facilitating
17 determinations concerning licensure eligibility for the person, based
18 upon any findings related to an officer, director, partner or owner.
19 The applicant shall bear the cost for the criminal history record
20 background check, including all costs of administering and
21 processing the check. The Division of State Police shall promptly
22 notify the commissioner in the event an officer, director, partner or
23 owner of the person, who was the subject of a criminal history
24 record background check pursuant to this section, is arrested for a
25 crime or offense in this State after the date the background check
26 was performed, whether the person is a prospective new licensee, or
27 subsequently, a current license holder.

28 c. A finding by the commissioner that the financial
29 responsibility, experience, character, and general fitness of the
30 person seeking licensure demonstrates that as a business licensee,
31 the person will operate honestly, fairly, and efficiently within the
32 purposes of this act. The commissioner may require any officer,
33 director, partner, owner, or principal of an entity seeking licensure
34 as a business licensee to authorize the Nationwide Mortgage
35 Licensing System and Registry to obtain a credit report on such
36 individual and at their cost.

37 d. A demonstration of an affiliated qualified individual licensee
38 for the applicant, as required by paragraph (2) of subsection a. of
39 section 4 of this act.

40 e. A demonstration of coverage by a surety bond as required by
41 section 13 of this act.

42 f. A demonstration of the tangible net worth requirements as
43 required by section 14 of this act.

44 g. The payment of any required fees under this act, as
45 established by the commissioner by regulation and payable to the
46 commissioner or, by arrangement of the commissioner, to the
47 Nationwide Mortgage Licensing System and Registry on behalf of

1 the commissioner, or as set forth by the nationwide system and
2 registry and payable to that nationwide system and registry.

3 h. A person whose application is deemed abandoned shall be
4 required to submit a new application in order to obtain licensure as
5 a business licensee. The commissioner may adopt rules addressing
6 notices of abandonment and the subsequent submission of new
7 applications.

8 (cf: P.L.2009, c.53, s.6
9

10 5. Section 7 of P.L.2009 c.53 (C.17:11C-57) is amended to
11 read as follows:

12 7. Beginning no later than July 31, 2010, or a later date
13 approved by the Secretary of the United States Department of
14 Housing and Urban Development pursuant to the provisions of
15 section 1508 of the federal "Secure and Fair Enforcement for
16 Mortgage Licensing Act of 2008," Pub.L.110-289 (12 U.S.C.
17 s.5107), the commissioner shall begin issuing licenses for
18 individual licensees under this act, utilizing the Nationwide
19 Mortgage Licensing System and Registry, or other entity designated
20 by that nationwide system and registry, as required or permitted by
21 the federal "Secure and Fair Enforcement for Mortgage Licensing
22 Act of 2008" and as otherwise deemed appropriate by the
23 commissioner to carry out the provisions of this act, if the following
24 conditions are met:

25 a. For mortgage loan originators and transitional mortgage loan
26 originators:

27 (1) A completed application for a new license or for a renewal
28 of a license, submitted to the commissioner on the form, in the
29 manner, and with appropriate evidence in support of the application,
30 as required by this act and as may be prescribed by the
31 commissioner.

32 (2) A background check in connection with an application,
33 based upon information provided to and received from the Division
34 of State Police, and provided to and received from or through the
35 Nationwide Mortgage Licensing System and Registry, which does
36 not contain any disqualifying information as set forth in this
37 paragraph. The background check shall include a State criminal
38 history record background check based upon an exchange of
39 fingerprint data with the State Bureau of Identification in the
40 Division of State Police, for which the division shall promptly
41 notify the commissioner if the subject of the original criminal
42 history record background check is arrested for a crime or offense
43 in this State after the date the background check was performed,
44 and a check of both criminal and non-criminal information as
45 requested from and distributed to the Federal Bureau of
46 Investigation and any other governmental agency through the
47 Nationwide Mortgage Licensing System and Registry as follows:

1 (a) fingerprints, for submission to the Federal Bureau of
2 Investigation and any other governmental agency authorized to
3 receive this information for a state, federal, and international
4 criminal history record background check, to determine whether the
5 individual has been convicted of, or pled guilty or nolo contendere
6 to, a felony in a domestic court, which in this State includes any
7 crime of the fourth degree or higher punishable by a term of
8 imprisonment of more than one year, or in a foreign or military
9 court:

10 (i) during the seven-year period preceding the filing of the
11 application, except that a conviction under this sub-subparagraph
12 which is pardoned or expunged shall not be considered
13 disqualifying information; or

14 (ii) at any time preceding the filing of the application, if the
15 felony involved an act of fraud, dishonesty, a breach of trust, or
16 money laundering, except that a conviction under this sub-
17 subparagraph which is pardoned or expunged shall not be
18 considered disqualifying information; and

19 (b) personal history and experience, collected in a form
20 prescribed by the Nationwide Mortgage Licensing System and
21 Registry, and with the permission of the applicant, in order for that
22 nationwide system and registry and the commissioner to obtain:

23 (i) an independent credit report from a consumer reporting
24 agency described in section 603(p) of the Fair Credit Reporting Act,
25 Pub.L.91-508 (15 U.S.C.s.1681a(p)), for use in making a
26 determination of character and fitness pursuant to paragraph (3) of
27 this subsection; and

28 (ii) information related to any administrative, civil or criminal
29 findings by any governmental jurisdiction, to determine whether the
30 individual had a mortgage loan originator license revoked in any
31 governmental jurisdiction, except that a subsequent, formal vacation
32 of a revocation shall not be considered disqualifying information.

33 (3) A determination of character and fitness, based upon the
34 information related to personal history and experience obtained
35 pursuant to subparagraph (b) of paragraph (2) of this subsection and
36 other available sources, whereby the applicant has demonstrated
37 financial responsibility, character, and general fitness as to
38 command the confidence of the community and to warrant a
39 determination that as a mortgage loan originator the applicant will
40 operate honestly, fairly, and efficiently within the purposes of this
41 act. For the purposes of this paragraph, a determination by the
42 National Mortgage Licensing System and Registry that the
43 applicant cheated or attempted to cheat on an examination required
44 for licensure or for continued licensure under P.L.2009, c.53
45 (C.17:11C-51 et seq.) shall be evidence that the applicant lacks the
46 requisite character and fitness for licensure. For purposes of this
47 paragraph, an applicant has demonstrated not to be financially
48 responsible if the applicant has shown a disregard in the

1 management of the applicant's own financial condition, which may
2 include, but is not limited to:

3 (a) current outstanding judgments, except judgments solely as a
4 result of medical expenses;

5 (b) current outstanding tax liens or other government liens and
6 filings;

7 (c) foreclosures during the three-year period preceding the filing
8 of the application; or

9 (d) a pattern of seriously delinquent accounts during the three-
10 year period preceding the filing of the application.

11 (4) A demonstration of employment by one, and not more than
12 one, business licensee as required by paragraph (1) of subsection c.
13 of section 4 of this act.

14 (5) The completion of any pre-licensing education requirements
15 as set forth in section 9 of this act.

16 (6) The successful passage of a qualified written test based upon
17 the testing requirements as set forth in section 10 of this act.

18 (7) The completion of any continuing education requirements, if
19 applicable, as set forth in section 11 of this act.

20 (8) A registration with the Nationwide Mortgage Licensing
21 System and Registry as required by section 12 of this act.

22 (9) A demonstration of coverage by a surety bond as required by
23 section 13 of this act.

24 (10) The payment of any required fees under this act, as
25 established by the commissioner by regulation and payable to the
26 commissioner or, by arrangement of the commissioner, to the
27 Nationwide Mortgage Licensing System and Registry on behalf of
28 the commissioner, or as set forth by the nationwide system and
29 registry and payable to that nationwide system and registry.

30 b. For [residential mortgage lenders and residential mortgage
31 brokers, as] qualified individual licensees:

32 (1) A completed application for a new license or for a renewal
33 of a license as a qualified licensed individual for a residential
34 mortgage lender or broker, submitted to the commissioner on the
35 form, in the manner, and with appropriate evidence in support of the
36 application, whereby the applicant follows the licensing procedure
37 and meets the licensing criteria applicable to a mortgage loan
38 originator, as set forth in subsection a. of this section, except that
39 the applicant shall not request or be issued a separate license as a
40 mortgage loan originator under that subsection.

41 (2) A determination with respect to any stricter or additional
42 licensing requirements that the commissioner may, by regulation,
43 establish.

44 (3) The payment of any required fees under this act, as
45 established by the commissioner by regulation and payable to the
46 commissioner or, by arrangement of the commissioner, to the
47 Nationwide Mortgage Licensing System and Registry on behalf of

1 the commissioner, or as set forth by the nationwide system and
2 registry and payable to that nationwide system and registry.

3 c. For individuals, the following provisions shall also apply:

4 (1) An applicant for a mortgage loan originator license who has
5 met all the requirements for licensure except the demonstration of
6 employment referenced in paragraph (4) of subsection a. of this
7 section shall be considered to be in approved inactive status and
8 designated as such in the Nationwide Mortgage Licensing System
9 and Registry and may remain in that status for as long as the
10 applicant renews the approved inactive status annually and meets
11 the continuing education requirements as required by section 11 of
12 P.L.2009, c.53 (C.17:11C-61).

13 (2) An applicant for licensure as an individual licensee who has
14 unresolved credit issues but who demonstrates to the satisfaction of
15 the commissioner a good faith effort to achieve the level of
16 financial responsibility required by paragraph (3) of subsection a. of
17 section 7 of P.L.2009, c.53 (C.17:11C-57) may be deemed in
18 approved conditional status and be designated as such in the
19 Nationwide Mortgage Licensing System and Registry. The
20 applicant may remain in approved conditional status so long as the
21 applicant continues to demonstrate substantial progress toward the
22 achievement of financial responsibility, renews the applicant's
23 mortgage loan originator license or qualified individual license
24 annually, and meets the continuing education requirements
25 established by section 11 of P.L.2009, c.53 (C.17:11C-61). Upon
26 demonstration to the satisfaction of the commissioner that the
27 applicant has achieved financial responsibility, and predicated on
28 the applicant continuing to fulfill all other applicable requirements
29 for such status, the license status of the individual shall be revised
30 to approved. While the applicant's license is in approved
31 conditional status, an individual may engage in activity as a
32 mortgage loan originator or a qualified individual licensee in
33 accordance with the provisions of P.L.2009, c.53 (C.17:11C-51 et
34 seq.) and all applicable rules.

35 (3) For applicants as individual licensees, an offense that was
36 the subject of an order granting the individual admission to the New
37 Jersey Pre-trial Intervention Program pursuant to the provisions of
38 N.J.S. 2C:43-12 through 22, and such offense having been
39 dismissed with prejudice in accordance with subsection d. of N.J.S.
40 2C:43-13, or the applicant having been admitted to a functionally
41 equivalent program of another state or of the United States whereby
42 an offense was dismissed or a felony conviction was avoided or
43 eliminated from the record upon the applicant having successfully
44 completed the program as established by the submission of
45 confirming documentation, shall not be considered disqualifying
46 information for purposes of subsection a. of this section.

47 (4) The commissioner may deem abandoned an application for
48 licensure as a mortgage loan originator, transitional mortgage loan

1 originator, or a qualified individual licensee if the application fails
2 to meet all of the requirements of a complete application within 90
3 days of the date on which the application was initially submitted. A
4 person whose application is deemed abandoned shall be required to
5 submit a new application in order to pursue licensure as a mortgage
6 loan originator, transitional mortgage loan originator, or a qualified
7 individual licensee. The commissioner may adopt rules addressing
8 notices of abandonment and the subsequent submission of new
9 applications.

10 (cf: P.L.2009, c.53, s.7)

11

12 6. Section 8 of P.L.2009, c.53 (C.17:11C-58) is amended to
13 read as follows:

14 8. a. An applicant for a new license or for a renewal of a
15 license to be a residential mortgage lender or residential mortgage
16 broker, as a business licensee:

17 (1) Shall pay to the commissioner at the time of the application
18 a nonrefundable application fee, as established by the commissioner
19 through regulation, not to exceed \$2,800. The nonrefundable
20 application fee is required for each residential mortgage lender or
21 broker license issued, including for each branch office license of a
22 business licensee.

23 (2) Shall additionally pay to the Nationwide Mortgage
24 Licensing System and Registry any required fees as set forth by that
25 nationwide system and registry, or any commissioner's fees, which
26 by arrangement of the commissioner, are payable to the nationwide
27 system and registry on behalf of the commissioner.

28 b. An applicant for a new license or for a renewal of a license
29 **【to be a residential mortgage lender or residential mortgage**
30 **broker,】** as a qualified individual licensee:

31 (1) Shall pay to the commissioner at the time of the application
32 a nonrefundable application fee, as established by the commissioner
33 through regulation, not to exceed \$500.

34 (2) Shall additionally pay to the Nationwide Mortgage
35 Licensing System and Registry any required fees as set forth by that
36 nationwide system and registry, or any commissioner's fees, which
37 by arrangement of the commissioner, are payable to the nationwide
38 system and registry on behalf of the commissioner.

39 c. An applicant for a new license or for a renewal of a license
40 to be a mortgage loan originator or transitional mortgage loan
41 originator:

42 (1) Shall pay to the commissioner at the time of the application
43 a nonrefundable application fee, as established by the commissioner
44 through regulation, not to exceed \$500. A mortgage loan
45 originator, **【other than a loan processor or underwriter who is an**
46 **independent contractor and subject to licensure pursuant to**
47 **paragraph (1) of subsection c. of section 4 of this act,】** who changes

1 the employment affiliation on his license[, which affiliation is
2 required as a condition of licensure pursuant to paragraph (1) of
3 subsection c. of section 4 of this act,] to a different business
4 licensee, shall be required to submit any documentation required by
5 regulation and [pay another nonrefundable application fee] comply
6 with all requirements applicable to such changes of employment as
7 prescribed by rule.

8 (2) Shall additionally pay to the Nationwide Mortgage
9 Licensing System and Registry any required fees as set forth by that
10 nationwide system and registry, or any commissioner's fees, which
11 by arrangement of the commissioner, are payable to the nationwide
12 system and registry on behalf of the commissioner.

13 (cf: P.L.2009, c.53, s.8)

14

15 7. Section 10 of P.L.2009, c.53 (C.17:11C-60) is amended to
16 read as follows:

17 10. a. (1) An applicant for a new license as a mortgage loan
18 originator or a qualified individual licensee shall pass, as a pre-
19 licensing requirement, a qualified written test, developed by the
20 Nationwide Mortgage Licensing System and Registry, and
21 administered by a test provider approved by the nationwide system
22 and registry, based upon reasonable standards established by that
23 nationwide system and registry. Pursuant to the reasonable
24 standards established by the nationwide system and registry, a
25 qualified written test may be administered at any location, including
26 the location of the employer or affiliated business licensee of the
27 applicant, or any subsidiary or affiliate of the applicant's employer
28 or affiliated business licensee, or any entity with which the
29 applicant holds an exclusive arrangement to engage in the business
30 of a residential mortgage lender, residential mortgage broker, or
31 mortgage loan originator.

32 (2) In addition to an applicant for a new license, an applicant for
33 a license reinstatement after failing to maintain a valid license for a
34 period of five years or longer shall be required to pass a qualified
35 written test as set forth in this section as a requirement for the
36 license reinstatement.

37 b. The qualified written test shall adequately measure the
38 applicant's knowledge and comprehension in appropriate subject
39 areas, which shall include at a minimum, but not be limited to:

40 (1) federal and State statutes and regulations pertaining to
41 mortgage origination;

42 (2) other federal and State statutes and regulations, including
43 those pertaining to fraud, consumer protection, fair lending issues,
44 and the nontraditional mortgage marketplace; and

45 (3) ethics.

46 c. An applicant shall only be considered to have passed the
47 qualified written test if the applicant achieves a test score of not less
48 than 75 percent correct answers to the test questions.

1 d. An applicant may take the qualified written test up to three
2 consecutive times in order to successfully pass and qualify for
3 licensure. The applicant shall not take a subsequent, consecutive
4 test until at least 30 calendar days next following the applicant's
5 preceding test date. If the applicant fails to pass the qualified
6 written test after three consecutive attempts, the applicant shall not
7 be permitted to retake the test for a period of at least six months
8 from the applicant's last preceding test date.

9 e. A determination by the National Mortgage Licensing System
10 and Registry that an applicant has engaged in or attempted to
11 engage in cheating while taking a qualified written test shall
12 constitute evidence that the applicant lacks the character and fitness
13 necessary to qualify for licensure pursuant to section 7 of P.L.2009,
14 c.53 (C.17:11C-57) and may be grounds for action on an existing
15 license pursuant to section 20 of P.L.2009, c.53 (C.17:11C-70).
16 (cf: P.L.2009, c.53, s.10)

17
18 8. Section 11 of P.L.2009, c.53 (C.17:11C-61) is amended to
19 read as follows:

20 11. a. An applicant for a renewal of a license as a mortgage loan
21 originator or a qualified individual licensee, shall complete, as a
22 requirement for the license renewal, at least 12 hours of education
23 from one or more continuing educational courses provided by a
24 continuing educational course provider, reviewed and approved by
25 the Nationwide Mortgage Licensing System and Registry, based
26 upon reasonable standards established by that nationwide system
27 and registry.

28 (1) Pursuant to the reasonable standards established by the
29 nationwide system and registry, an approved continuing educational
30 course provider may include the employer or affiliated business
31 licensee of the individual licensee, or an entity which is affiliated
32 with the individual licensee by an agency contract, or any
33 subsidiary or affiliate of the individual licensee's employer,
34 affiliated business licensee, or affiliated entity.

35 (2) Pursuant to the reasonable standards established by the
36 nationwide system and registry, an approved continuing educational
37 course may be offered at any location and by any means, including
38 live classroom instruction, prepared group or individual
39 coursework, or the Internet.

40 b. The approved continuing educational course shall include at
41 a minimum, but not be limited to:

42 (1) 3 hours of instruction on federal statutes and regulations;

43 (2) 2 hours of instruction on ethics, including instruction on
44 fraud, consumer protection, and fair **licensing** lending issues;
45 **and**

46 (3) 2 hours of training related to lending standards for the
47 nontraditional mortgage product marketplace; and

1 (4) 2 hours of instruction related to New Jersey laws and
2 regulations on residential mortgage lending.

3 c. (1) Except as set forth by the commissioner in regulations
4 consistent with this act and the provisions of the federal "Secure
5 and Fair Enforcement for Mortgage Licensing Act of 2008," title V
6 of Pub.L.110-289 (12 U.S.C. s.5101 et seq.), a licensed mortgage
7 loan originator, or a licensed residential mortgage lender or
8 residential mortgage broker as a qualified individual licensee, may
9 only receive credit for an approved continuing educational course:

10 (a) in the calendar year in which the licensee takes the course;
11 and

12 (b) that is not the same approved course already taken in that
13 calendar year or the immediately preceding calendar year.

14 (2) A licensed mortgage loan originator【, residential mortgage
15 lender or broker】 or qualified individual licensee, who is an
16 approved instructor of an approved continuing educational course,
17 may receive credit towards the individual licensee's own continuing
18 educational requirements set forth in this section at the rate of two
19 hours of credit for every one hour of the approved continuing
20 educational course taught.

21 (3) If a licensed mortgage loan originator【, residential mortgage
22 lender or broker】 or qualified individual licensee subsequently
23 becomes unlicensed, the individual licensee shall complete the
24 continuing educational requirements set forth in this section for the
25 last calendar year in which the individual was licensed as a
26 requirement for a license reinstatement.

27 d. Any continuing educational requirements of another state,
28 reviewed and approved by the Nationwide Mortgage Licensing
29 System and Registry, and completed by an applicant for a license
30 renewal in that state pursuant to the provisions of the federal
31 "Secure and Fair Enforcement for Mortgage Licensing Act of
32 2008," title V of Pub.L.110-289 (12 U.S.C. s.5101 et seq.), shall be
33 accepted by the commissioner from an applicant as credit towards
34 completion of the reviewed and approved continuing educational
35 requirements of this section for a license renewal in this State.

36 e. A determination by the National Mortgage Licensing System
37 and Registry that an applicant has engaged in or attempted to
38 engage in cheating while taking a continuing education course shall
39 constitute evidence that the applicant lacks the character and fitness
40 necessary for licensure pursuant to section 7 of P.L.2009, c.53
41 (C.17:11C-57) and may be grounds for action on an existing license
42 pursuant to section 20 of P.L.2009, c.53 (C.17:11C-70).

43 (cf: P.L.2009, c.53, s.11)

44
45 9. Section 12 of P.L.2009, c.53 (C.17:11C-62) is amended to
46 read as follows:

47 12. a. An applicant for an initial license or for a renewal of a
48 license as a mortgage loan originator, transitional mortgage loan

- 1 originator, or a qualified individual licensee shall, as a licensing
2 requirement, be registered and assigned a unique identifier through
3 the Nationwide Mortgage Licensing System and Registry.
- 4 b. (1) In order to ensure compliance by an applicant with this
5 registration requirement, the commissioner shall utilize, as required
6 or permitted by the "Secure and Fair Enforcement for Mortgage
7 Licensing Act of 2008," title V of Pub.L.110-289 (12 U.S.C. s.5101
8 et seq.) and as otherwise deemed appropriate by the commissioner,
9 the Nationwide Mortgage Licensing System and Registry.
- 10 (2) The commissioner is authorized, through regulation, to
11 coordinate the registration of an applicant through the nationwide
12 system and registry with the State licensing of the applicant under
13 this act, on any matters deemed necessary by the commissioner for
14 participation in that nationwide system and registry, including but
15 not limited to:
- 16 (a) background checks, including a criminal history record
17 background check, a check of administrative and civil records, and
18 a credit history check as set forth in section 7 of this act, and
19 concerning any other information deemed necessary by the
20 nationwide system and registry;
- 21 (b) setting or resetting of license renewal dates, and
22 requirements for amending or surrendering a license;
- 23 (c) reporting requirements as set forth pursuant to section 35 of
24 this act; and
- 25 (d) payment of any required fees, as established by the
26 commissioner and payable to the commissioner or to the nationwide
27 system and registry on behalf of the commissioner, and as set forth
28 by the nationwide system and registry and payable to that
29 nationwide system and registry.
- 30 (3) The commissioner shall, in order to participate in the
31 nationwide system and registry, regularly report violations of this
32 act by an applicant or licensee, as well as information concerning
33 enforcement actions on those violations, along with any other
34 relevant information, to the nationwide system and registry, in a
35 manner and frequency established by that nationwide system and
36 registry.
- 37 (4) The commissioner shall, in order to participate in the
38 nationwide system and registry, establish by regulation a process by
39 which an applicant or current licensee may request access to the
40 applicant's or licensee's information or material provided to,
41 received from, or collected by the nationwide system and registry,
42 and a process by which that applicant or licensee may correct,
43 amend or delete information or material disputed as incorrect or
44 incomplete.
- 45 (5) Except as provided under section 1512 of the federal "Secure
46 and Fair Enforcement for Mortgage Licensing Act of 2008,"
47 Pub.L.110-289 (12 U.S.C. s.5111), any requirement under federal
48 or State law, including P.L.1963, c.73 (C.47:1A-1 et seq.),

1 regarding the privacy or confidentiality of any information or
2 material provided to, received from, or collected by the nationwide
3 system and registry, and any privilege arising under federal or State
4 law, including any rules of court, with respect to the information or
5 material, shall continue to apply after the information or material
6 has been provided to, received from, or collected by the nationwide
7 system and registry. The privacy, confidentiality, or privilege shall
8 also continue to apply with respect to the sharing of the information
9 or material, pursuant to procedures set forth by the nationwide
10 system and registry, with any federal banking agency or other
11 federal agency with mortgage industry oversight authority, or any
12 state agency with mortgage industry oversight authority. This
13 paragraph shall not apply to any information or material relating to
14 the employment history of, and publicly adjudicated disciplinary or
15 enforcement actions against, an applicant or licensee that is
16 included in the nationwide system and registry for access by the
17 public, based upon reasonable standards established by the
18 nationwide system and registry.

19 (a) In order to ensure the application of privacy, confidentiality,
20 and privilege protections to information and material as set forth in
21 this paragraph, the commissioner may enter into any necessary
22 arrangement with the nationwide system and registry, other federal
23 or state agency, the Conference of State Bank Supervisors or its
24 successor organization, or other organization representing a federal
25 or state agency, regarding information and material the
26 commissioner shares, and information and materials shared with the
27 commissioner.

28 (b) The information and material subject to privacy,
29 confidentiality, or privilege protections as set forth in this
30 paragraph, notwithstanding any provisions of P.L.1963, c.73
31 (C.47:1A-1 et seq.) or any other State law concerning open records
32 to the contrary, shall not be subject to:

33 (i) disclosure under any federal or State law governing the
34 disclosure to the public of information or material held by an officer
35 or agency of the federal government or any state; or

36 (ii) subpoena or discovery, or admission into evidence, in any
37 private civil action or administrative process, except with respect to
38 any privacy, confidentiality, or privilege held by the nationwide
39 system and registry connected to an applicant's or licensee's
40 information or material that the applicant or licensee gives
41 permission to waive, in whole or in part.

42 (cf: P.L.2009, c.53, s.12)

43
44 10. Section 15 of P.L.2009, c.53 (C.17:11C-65) is amended to
45 read as follows:

46 15. a. A residential mortgage lender or residential mortgage
47 broker that is a business licensee may maintain a branch office or
48 offices. The business licensee shall obtain a license for each branch

1 office in this State and each branch office outside this State from
2 which the licensee has direct contact with New Jersey consumers
3 regarding origination or brokering.

4 b. The commissioner shall issue a branch office license for a
5 residential mortgage lender or broker if:

6 (1) The business licensee has submitted a completed branch
7 office application form, which includes any information required by
8 the commissioner concerning the branch office, and an application
9 fee pursuant to section 8 of this act;

10 (2) The application for the branch office demonstrates that the
11 office is in a suitable location; and

12 (3) The application contains a certification that the office is
13 covered by the business licensee's surety bond, required of that
14 licensee pursuant to section 13 of this act.

15 c. Each branch office shall be under the supervision of a
16 branch manager. A branch manager shall supervise only one branch
17 office at any given time except as may be permitted by the
18 commissioner in accordance with applicable rules. In order to act
19 in the capacity as a branch manager, an individual shall either
20 possess a mortgage loan originator license or, if unlicensed, the
21 qualified individual licensee of the business licensee shall certify
22 that when acting in the capacity of a branch manager the unlicensed
23 individual shall not engage in any activity that would require
24 licensure as a mortgage loan originator.

25 (cf: P.L.2009, c.53, s.15)

26

27 11. Section 17 of P.L.2009, c.53 (C.17:11C-67) is amended to
28 read as follows:

29 17. a. (1) The license for a residential mortgage lender or
30 residential mortgage broker, **[including]** and the license of a
31 qualified individual licensee, shall state the name of the business
32 licensee and the licensee's place or places of business, as applicable,
33 and shall contain any other information as the commissioner may
34 require pursuant to regulation. A license shall not be issued in a
35 name containing any words including "insured," "bonded,"
36 "guaranteed," "secured" and the like. Notwithstanding the
37 provisions of section 18 of P.L.1948, c.67 (C.17:9A-18) or any
38 other law to the contrary, a licensed residential mortgage lender or
39 broker may use the terms "mortgage lender" or "mortgage broker,"
40 respectively, as part of the licensee's name; a licensed residential
41 mortgage lender may also use the term "mortgage banker."

42 (2) The license of the business licensee shall be posted
43 conspicuously in the place or places of business of that licensee,
44 and the license of any qualified individual licensee shall be
45 maintained by that business licensee and available for public
46 inspection at the business licensee's place or places of business.

47 (3) A licensee or any other person shall not photocopy or
48 otherwise reproduce the license except for legitimate business

1 purposes or as required or permitted by the commissioner by
2 regulation.

3 (4) Licenses issued to a business licensee pursuant to this act
4 shall not be transferable or assignable, other than as provided by
5 section 19 of this act.

6 (5) No business licensee shall change **【the】** its name or the
7 address of the business licensee's place or places of business
8 without notice to the commissioner in accordance with regulations
9 as prescribed by the commissioner.

10 b. (1) The license for a mortgage loan originator shall state the
11 name of the originator's **【employing business licensee】** licensed or
12 registered employer and **【the licensee's place or places of business,**
13 as applicable, and】 shall contain **【any】** such other information as
14 the commissioner **【may see fit to require】** deems necessary.

15 (2) The license shall be maintained by the licensee and available
16 for public inspection at the licensee's place or places of business.

17 (3) A licensee or any other person shall not photocopy or
18 otherwise reproduce the license except for legitimate business
19 purposes or as required or permitted by the commissioner by
20 regulation.

21 (4) No licensee shall change the name or address of the
22 licensee's place or places of business without notice to the
23 commissioner, in accordance with regulations as prescribed by the
24 commissioner.

25 (cf: P.L.2009, c.53, s.17)

26
27 12. Section 20 of P.L.2009, c.53 (C.17:11C-70) is amended to
28 read as follows:

29 20. a. The commissioner's authority with respect to issuing
30 licenses shall include the following:

31 (1) The commissioner may access, receive and use any
32 information or material required of an applicant or licensee
33 pursuant to sections 6 through 15 of this act, or any other
34 information or material deemed relevant, to determine whether to
35 issue or renew a license, or revoke, suspend, or refuse to renew a
36 license.

37 (2) The commissioner may refuse to issue a license if an
38 applicant fails to meet the requirements for licensure set forth in
39 sections 6 through 15 of P.L.2009, c.53 (C.17:11C-56 through
40 17:11C-65), as applicable.

41 **【(2)】** (3) The commissioner **【may refuse to issue, and】** may
42 revoke, suspend, or refuse to renew, a residential mortgage lender
43 or residential mortgage broker license, including the license of a
44 qualified individual licensee or a branch office license, or a
45 mortgage loan originator license, or transitional mortgage loan
46 originator license, or impose a penalty pursuant to this act, if the
47 commissioner finds, after notice and an opportunity for a hearing in

1 accordance with the "Administrative Procedure Act," P.L.1968,
2 c.410 (C.52:14B-1 et seq.) and any rules adopted thereunder, that
3 any person~~], applicant for]~~ or holder of the license has:

4 (a) Violated any of the provisions of this act or any order, rule
5 or regulation made or issued pursuant to this act;

6 (b) Failed at any time to meet the requirements for licensure set
7 forth in sections 6 through 15 of this act, as applicable, or withheld
8 information or made a material misstatement in the application for
9 the license;

10 (c) Been convicted of an offense involving breach of trust,
11 moral turpitude or fraudulent or dishonest dealing, including but not
12 limited to the disqualifying criminal activities stated in paragraph
13 (2) of subsection a. of section 7 of this act, if applicable, or had a
14 final judgment entered against the person in a civil or administrative
15 action upon grounds of fraud, misrepresentation, deceit, or failure to
16 maintain books, accounts, records and other documents as required
17 by section 21 of this act;

18 (d) Failed to comply with any reporting requirements set forth
19 pursuant to section 35 of this act;

20 (e) Become insolvent;

21 (f) Demonstrated unworthiness, incompetence, bad faith or
22 dishonesty in the transaction of business as a licensee; or

23 (g) Engaged in any other conduct which would be deemed by
24 the commissioner to be the cause for denial, revocation, suspension,
25 or refusal of the license or license renewal.

26 ~~[(3)]~~ (4) A license of a business licensee may be suspended,
27 revoked, or not renewed if any officer, director, partner, or owner of
28 the licensee has committed any act which would be cause for
29 suspending, revoking or not renewing a license if issued to that
30 person as an individual.

31 ~~[(4)]~~ (5) If the license issued to a residential mortgage lender
32 or residential mortgage broker as a qualified individual licensee is
33 revoked or suspended, the affiliated license issued to the business
34 licensee shall also be revoked or suspended by the commissioner,
35 unless within the time fixed by the commissioner, in the case of a
36 partnership, the connection therewith of the offending qualified
37 individual licensee whose license has been revoked or suspended
38 shall be severed and that individual's interest in the partnership and
39 share in its activities brought to an end, or in the case of an
40 association, corporation, or other legal entity, the offending
41 qualified individual licensee whose license has been revoked or
42 suspended shall be discharged and shall have no further
43 participation in the legal entity's activities. In the case of an
44 offending qualified individual licensee who is an officer or director
45 of the corporation or other legal entity, that individual shall be
46 required to fully divest himself of all stock, bonds or other
47 corporate holdings.

1 b. The commissioner's authority with respect to oversight of
2 licensees, and enforcement of the activities regulated under this act,
3 shall include the following:

4 (1) The commissioner may access and examine books, accounts,
5 records and other documents maintained by a licensee pursuant to
6 section 21 of this act.

7 (2) The commissioner may conduct investigations or
8 examinations, which may include the subpoena of witnesses and
9 documents, pursuant to section 34 of this act.

10 (3) Whenever it appears to the commissioner that any person
11 has engaged, is engaged, or is about to engage in any practice or
12 transaction prohibited by this act, the commissioner may issue, in
13 accordance with the "Administrative Procedure Act," P.L.1968,
14 c.410 (C.52:14B-1 et seq.), a cease and desist order if the
15 commissioner determines it necessary. In addition to any other
16 remedy available, the commissioner may also bring a summary
17 action in a court of competent jurisdiction against a person, and any
18 other person concerned or in any way participating in or about to
19 participate in a practice or transaction in violation of this act, to
20 enjoin the person from continuing the practice or transaction
21 engaged in, or from engaging in the practice or transaction, or doing
22 any act in furtherance towards engaging in the practice or
23 transaction.

24 (4) The commissioner may impose a civil penalty not exceeding
25 \$25,000 on any person for a violation of this act. Each violation of
26 this act, including any order, rule or regulation made or issued
27 pursuant to this act, shall constitute a separate offense.
28 Additionally, each violation of this act which constitutes a knowing
29 violation shall be considered a crime of the third degree.

30 (5) The commissioner may order that any person who has been
31 found to have knowingly violated any provision of this act, or of the
32 rules and regulations issued pursuant hereto, and has thereby caused
33 financial harm to consumers, be barred from acting as a residential
34 mortgage lender, residential mortgage broker, or mortgage loan
35 originator, or a stockholder, an officer, director, partner or other
36 owner, or an employee of a licensee, or acting in any other capacity
37 pursuant to this act. Violations of this final order shall be
38 considered a crime of the third degree.

39 (6) The commissioner may order a person found to be in
40 violation of this act to make restitution to any person aggrieved by
41 the violation.

42 (7) The commissioner may order any other remedial action with
43 respect to a violation of this act as the commissioner deems
44 necessary.

45 c. The commissioner, in order to fulfill the activities
46 encompassed by the commissioner's authority set forth in this
47 section, may:

- 1 (1) Retain attorneys, accountants, or other professionals or
2 specialists as examiners, auditors, or investigators to conduct, or
3 assist with, any licensing activity, examination, or investigation;
- 4 (2) Utilize any public or privately available analytical system,
5 method, or software;
- 6 (3) Utilize any examination or investigative report prepared by
7 any federal banking agency or other federal agency, or any state
8 agency including another department, division, bureau, or office of
9 this State; and
- 10 (4) Enter into any necessary arrangement with a federal or state
11 agency, the Conference of State Bank Supervisors or its successor
12 organization, or other organization representing any federal or state
13 agency, in order to reduce the commissioner's regulatory burden by
14 sharing resources, including sharing information and materials
15 through the Nationwide Mortgage Licensing System and Registry in
16 accordance with subsection b. of section 12 of this act, and
17 following standardized or uniform methods or procedures.
18 (cf: P.L.2009, c.53, s.20)

19

20 13. Section 24 of P.L.2009, c.53 (C.17:11C-74) is amended to
21 read as follows:

22 24. a. Notwithstanding the provisions of any other law, a
23 residential mortgage lender, incidental to the origination, processing
24 and closing of any mortgage loan transaction, shall have the right to
25 charge only the following fees: (1) **credit report fee;** (2) appraisal
26 fee; (3) **application fee;** (2) origination fee; (3) lock-in fee; (4)
27 commitment fee; (5) warehouse fee; (6) discount points; and (7)
28 fees necessary to reimburse the residential mortgage lender for
29 charges imposed by third parties **;** and (7) discount points **]** which
30 shall include: (i) an appraisal fee; (ii) a credit report fee; and (iii)
31 such other third party charges as the commissioner may expressly
32 permit to lenders by rule in accordance with a procedure established
33 by rule.

34 b. Notwithstanding the provisions of any other law, a
35 residential mortgage broker, incidental to the brokering of any
36 mortgage loan transaction, shall have the right to charge only the
37 following fees: (1) application fee; **and (2) discount points]** (2)
38 broker fee; and (3) fees necessary to reimburse the residential
39 mortgage broker or lender for charges imposed by third parties,
40 which shall include: (i) an appraisal fee; (ii) a credit report fee; and
41 (iii) such other third party charges as the commissioner may
42 expressly permit to brokers by rule or in accordance with a
43 procedure established by rule.

44 c. For purposes of this section, the following terms shall have
45 the meanings and permitted uses set forth below:

46 (1) “Application fee” means a fee imposed by a lender or a
47 broker for taking or processing a loan application, which fee shall
48 not be based upon a percentage of the principal amount of the loan

1 or the amount financed. An application fee may be charged only
2 once with respect to the same mortgage loan application and, where
3 a loan is brokered, may be charged by a residential mortgage lender
4 or a residential mortgage broker, but not by both.

5 (2) “Appraisal fee” means a fee charged to a borrower by a
6 lender or broker to recover the direct cost of the fee charged by a
7 duly credentialed real estate appraiser for an appraisal in connection
8 with a mortgage loan application. An appraisal fee may be charged
9 to a borrower by a residential mortgage lender or by a residential
10 mortgage broker, but not by both in connection with the same
11 mortgage loan application. A lender or broker may charge a
12 borrower an appraisal fee for a second appraisal provided that
13 requiring a second appraisal is in accordance with duly promulgated
14 rules.

15 (3) “Broker fee” means a fee that may be charged to a borrower
16 only by a broker and that shall be payable only at closing, which fee
17 may be based on a percentage of the principal amount of the loan or
18 a fraction thereof.

19 (4) “Commitment fee” means a fee, exclusive of third-party
20 fees, imposed by a residential mortgage lender as consideration for
21 binding the lender to make a loan in accordance with the terms and
22 conditions of its written commitment and payable on or after the
23 borrower’s acceptance of the commitment. The amount of the
24 commitment fee shall be reasonably related to its purpose and may
25 be based upon a percentage of the principal amount of the loan. A
26 commitment fee may not be charged or collected unless the
27 borrower receives a written commitment from the lender by
28 midnight of the third business day prior to the day upon which the
29 mortgage loan closing occurs and the borrower has accepted such
30 commitment.

31 (5) “Credit report fee” means a fee charged to a borrower by a
32 lender or broker in connection with a mortgage loan application to
33 recover the direct cost of the fee charged by a credit reporting
34 agency for obtaining a credit report. A credit report fee may be
35 charged to a borrower by a residential mortgage lender or by a
36 residential mortgage broker, but not by both in connection with the
37 same mortgage loan application. A lender or broker may charge a
38 borrower a credit report fee for a second credit report provided that
39 requiring a second credit report is in accordance with duly
40 promulgated rules.

41 (6) “Discount point” means a fee charged by a lender based on a
42 percentage of the principal amount of the loan and payable only at
43 the closing of the mortgage loan, which fee operates to reduce the
44 interest rate of the mortgage loan.

45 (7) “Lock-in agreement” means a written agreement between a
46 lender and a borrower whereby the lender guarantees until a
47 specified date or for a specified period of time the availability of a
48 specified rate of interest or specified formula by which the rate of

1 interest will be determined and, if applicable, the specific number of
2 discount points required to obtain such rate or formula, provided the
3 loan is approved and closed by the specified date. No lender may
4 charge a lock-in fee for a lock-in agreement executed after midnight
5 of the third business day prior to the day upon which the mortgage
6 loan closing occurs.

7 (8) “Lock-in fee” means a fee that a lender may charge to a
8 borrower for a lock-in agreement, which fee may be payable at
9 closing, but shall in no event be payable prior to the commencement
10 of the lock-in period.

11 (9) “Origination fee” means a fee that a lender may charge to a
12 borrower for originating a loan and that is based on a percentage of
13 the principal amount of the loan and is payable only at the closing
14 of the mortgage loan. An origination fee may also be referred to as
15 a “point.”

16 (10) “Warehouse fee” means a fee charged by a lender not to
17 exceed the cost associated with holding the particular mortgage loan
18 pending its assignment to a permanent investor, and payable at
19 closing. The fee shall be based on the actual holding period and
20 warehouse rate and the initial coupon rate on the mortgage loan.
21 No profit shall accrue to a lender from collection of a warehouse
22 fee.

23 d. A residential mortgage lender or residential mortgage broker
24 may use a term for a fee that is different from a term enumerated in
25 this section or in duly promulgated rules implementing the
26 provisions of this section, provided that the lender or broker can
27 document to the department that such fee fits the definition and
28 description of a fee permitted by this section or permitted in
29 accordance with duly promulgated rules implementing the
30 provisions of this section, provided that such fee functions
31 accordingly, and provided that the lender or broker has disclosed
32 such fee in writing to the borrower in conformity with applicable
33 State and federal disclosure rules.

34 e. No residential mortgage lender or residential mortgage
35 broker may charge any fee [either] not expressly authorized either
36 by this section or [authorized] by the commissioner by regulation.

37 f. In addition to the rulemaking authority granted the
38 commissioner with respect to subsections a. through e. of this
39 section, the commissioner shall be authorized to promulgate such
40 rules and forms as may reasonably be deemed necessary by the
41 commissioner to provide for the adequate disclosure to borrowers of
42 fees permitted under this section consistent with the provisions of
43 this section and with applicable provisions of federal regulations
44 and forms.

45 (cf: P.L.2009, c.53, s.24)

46
47 14. Section 1 of P.L.1991, c.18 (C.17:46B-30.1) is amended to
48 read as follows:

1 1. Except for a State or federally chartered bank, savings bank,
2 savings and loan association or its subsidiary or any officer or
3 employee of any of the foregoing, no other lending institution,
4 mortgage service, mortgage brokerage or mortgage guaranty
5 company or service company or any person licensed pursuant to
6 **【P.L.1996, c.157 (C.17:11C-1 et seq.)】** the “New Jersey Residential
7 Mortgage Lending Act,” sections 1 through 39 of P.L.2009, c.53
8 (C.17:11C-51 through C.17C:11C-89) shall be licensed as or
9 permitted to act as an insurance producer for a title insurance
10 company. No bank, trust company, bank and trust company, or
11 other lending institution, mortgage service, mortgage brokerage or
12 mortgage guaranty company, or any service company of or for any
13 lending institution shall make the selection of a particular title
14 insurance company or insurance producer a condition precedent to
15 the granting of any mortgage loan.

16 (cf: P.L.2000, c.140, s.1)

17

18 15. Section 13 of P.L.2005, c.199 (C.17:1C-45) is amended to
19 read as follows:

20 13. a. Notwithstanding any law or regulation to the contrary, a
21 regulated entity paying the amounts assessed to it in statements of
22 the assessment made pursuant to section 3 of this act shall be
23 exempt from all fees or charges imposed by the division pursuant to
24 any other provision of law or regulation, except for:

25 (1) charter fees;

26 (2) application fees for licenses;

27 (3) (Deleted by amendment, P.L.2009, c.53)

28 (4) fees for entry by a foreign depository institution whether
29 from another state of the United States or from another country into
30 New Jersey for branch, trust or other activities;

31 (5) (Deleted by amendment, P.L.2009, c.326)

32 (6) fees charged any entity not chartered, licensed or registered
33 by this State, including but not limited to activities conducted by
34 foreign banks pursuant to section 316 of P.L.1948, c.67 (C.17:9A-
35 316) or foreign associations pursuant to section 214 of P.L.1963,
36 c.144 (C.17:12B-214); **【and】**

37 (7) fees charged qualified corporations authorized pursuant to
38 section 213 of P.L.1948, c.67 (C.17:9A-213) to perform either
39 registrar and transfer agent activities or activities permitted for
40 qualified educational institutions; and

41 (8) fees charged any exempt company pursuant to subsection d.
42 of section 4 of P.L.2009, c.53 (C.17:11C-54).

43 b. Nothing in this section shall exempt a regulated entity from
44 paying any fine or penalty imposed by the commissioner for a
45 violation of a statute or regulation.

46 c. Except as provided in paragraph (1) of subsection d. of
47 section 7 of the "New Jersey Home Ownership Security Act of
48 2002," P.L.2003, c.64 (C.46:10B-28), and subsection i. of section 3

1 of the "Governmental Unit Deposit Protection Act," P.L.1970, c.236
2 (C.17:9-43), all fees, charges, fines and penalties as described in
3 subsections a. and b. of this subsection shall be remitted to the State
4 Treasurer for deposit into the General Fund, and those fees,
5 charges, fines and penalties shall not be part of the assessment
6 funding mechanism or considered in the calculation pursuant to
7 section 15 of this act.
8 (cf: P.L.2009, c.326, s.7)
9

10 16. Section 1 of P.L.1979, c.193 (C.17:16H-1) is amended to
11 read as follows:

12 As used in this act:

13 a. "Financial institution" shall mean any bank, savings bank,
14 state association, credit union, **【secondary】** residential mortgage
15 lender, **【small loan company】** residential mortgage broker,
16 consumer lender or any other institution, corporation, partnership
17 or individual subject to the supervision, regulation or licensing by
18 the Department of Banking.

19 b. "Commissioner" shall mean the Commissioner of Banking
20 and Insurance of New Jersey.
21 (cf: P.L.1979, c.193, s.1)
22

23 17. (New section) The Commissioner of Banking and Insurance
24 may adopt rules and regulations, in accordance with the
25 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
26 seq.), necessary to effectuate the provisions of this act.
27

28 18. This act shall take effect on the 90th day after the date of
29 enactment, but the commissioner may take such anticipatory
30 administrative action in advance as may be necessary for the
31 implementation of this act.
32
33
34

35
36 _____
Revises "New Jersey Residential Mortgage Lending Act."

ASSEMBLY, No. 2035

STATE OF NEW JERSEY 218th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

Sponsored by:

Assemblyman JOHN F. MCKEON

District 27 (Essex and Morris)

Assemblyman GARY S. SCHAER

District 36 (Bergen and Passaic)

Co-Sponsored by:

Assemblywoman Murphy

SYNOPSIS

Revises “New Jersey Residential Mortgage Lending Act.”

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 2/9/2018)

1 AN ACT concerning certain licensed mortgage lending activities and
2 amending various parts of the statutory law.

3

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

6

7 1. Section 3 of P.L.2009, c.53 (C.17:11C-53) is amended to
8 read as follows:

9 3. As used in this act:

10 “Approved conditional status” means the status of the license of
11 an individual who has satisfied all conditions for licensure as a
12 mortgage loan originator or qualified individual licensee except a
13 satisfactory demonstration of his or her financial responsibility but
14 who is making a good faith effort to achieve the level of financial
15 responsibility required for such licensure.

16 “Approved inactive status” means the status of the license of an
17 individual applicant who has satisfied all conditions for licensure
18 except sponsorship by a licensed business entity or the status of a
19 licensed individual who is no longer so sponsored.

20 “Bona fide not for profit entity” means an organization that:

21 a. maintains tax exempt status under section 501(c)(3) of the
22 Internal Revenue Code of 1986, 26 U.S.C. s.501(c)(3);

23 b. promotes low to moderate income housing or provides
24 homeownership education, or similar services;

25 c. conducts its activities in a manner that serves public or
26 charitable purposes;

27 d. receives funding and revenue and charges fees in a manner
28 that does not incentivize the organization or its employees to act
29 other than in the best interests of its clients;

30 e. compensates employees in a manner that does not
31 incentivize employees to act other than in the best interests of its
32 clients;

33 f. provides to or identifies for the borrower residential
34 mortgage loans with terms that are favorable to the borrower and
35 comparable to mortgage loans and housing assistance provided
36 under government housing assistance programs; and

37 g. meets such other standards as may be prescribed by the
38 commissioner through rulemaking.

39 "Borrower" means any individual applying for a loan from a
40 licensee licensed under this act, whether or not the loan is granted,
41 and any individual who has actually obtained a loan.

42 “Branch manager” means an employee of a licensed business
43 entity with management responsibilities over a branch and who is
44 identified as such with the Nationwide Mortgage Licensing System
45 and Registry.

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.

1 "Business licensee" means a corporation, association, joint
2 venture, partnership, limited liability company, limited liability
3 partnership, sole proprietorship, or any other legal entity, however
4 organized, permitted under the laws of this State, that is licensed as
5 a residential mortgage lender or residential mortgage broker, or that
6 should be so licensed.

7 "Clerical or support duties" means and includes: (1) the receipt,
8 collection, distribution, and analysis of information common for the
9 processing or underwriting of a residential mortgage loan; or (2)
10 communicating with a borrower to obtain the information necessary
11 for the processing or underwriting of a residential mortgage loan, to
12 the extent that the communication does not include offering or
13 negotiating loan rates or terms, or counseling borrowers about loan
14 rates or terms. However, the term "clerical or support duties" does
15 not include making representations to the public, through
16 advertising or other means of communicating or providing
17 information, such as through the use of business cards, stationery,
18 brochures, signs, rate lists, or other promotional items, indicating
19 that **[a]** the person assigned to perform clerical or support duties
20 can or will perform any of the activities of a licensee under this act
21 or of a person exempt from licensure pursuant to section 5 of this
22 act.

23 "Closed-end loan" with respect to a secondary mortgage loan
24 means a mortgage loan pursuant to which the business licensee
25 advances a specified amount of money and the borrower agrees to
26 repay the principal and interest in substantially equal installments
27 over a stated period of time, except that: (1) the amount of the final
28 installment payment may be substantially greater than the previous
29 installments if the term of the loan is at least 36 months, or under 36
30 months if the remaining term of the first residential mortgage loan
31 is under 36 months; or (2) the amount of the installment payments
32 may vary as a result of the change in the interest rate as permitted
33 by this act.

34 "Commissioner" means the Commissioner of Banking and
35 Insurance.

36 "Controlling interest" means ownership, control or interest of
37 25% or more of the business licensee or applicant.

38 "Correspondent mortgage lender" means a residential mortgage
39 lender who: (1) in the regular course of business, does not hold any
40 mortgage loans in its portfolio, or service mortgage loans, for more
41 than 90 days; and (2) has shown to the department's satisfaction an
42 ability to fund mortgage loans through warehouse agreements, table
43 funding agreements or otherwise.

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

45 "Depository institution" means "depository institution" as
46 defined in section 3 of the "Federal Deposit Insurance Act,"
47 Pub.L.81-797 (12 U.S.C. s.1813), and also means any credit union.

1 “Exempt company” means a person other than a bona fide not for
2 profit entity that is not subject to licensure as a residential mortgage
3 lender or a residential mortgage broker under P.L.2009, c.53
4 (C.17:11C-51 et seq.) that is registered pursuant to subsection d. of
5 section 4 of P.L.2009, c.53 (C.17:11C-54), and that employs, or will
6 employ one or more licensed mortgage loan originators.

7 “Expungement” means, with respect to a record of criminal
8 conviction entered in this State, an order issued pursuant to N.J.S.
9 2C:52-1 et seq. With respect to criminal convictions entered in
10 another state, that other state’s definition of expungement or the
11 functional equivalent of expungement will apply.

12 "Federal banking agency" means the Board of Governors of the
13 Federal Reserve System, the Comptroller of the Currency, [the
14 Director of the Office of Thrift Supervision,] the National Credit
15 Union Administration, or the Federal Deposit Insurance
16 Corporation, or any of their successor agencies.

17 "Immediate family member" means a spouse, domestic partner as
18 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), partner in a
19 civil union couple as defined in section 2 of P.L.2006, c.103
20 (C.37:1-29), parent, stepparent, grandparent, sibling, stepsibling,
21 child, stepchild, and grandchild, as related by blood or by law.

22 "Individual" means a natural person.

23 "Individual licensee" means a natural person licensed as a
24 qualified individual licensee for a residential mortgage lender or
25 residential mortgage broker, or a mortgage loan originator.

26 “Insurer” means an entity authorized to transact the business of
27 insurance in this State pursuant to subtitle 3 of Title 17 of the
28 Revised Statutes or subtitle 3 of Title 17B of the New Jersey
29 Statutes.

30 "Licensee" means a legal entity or natural person who is licensed
31 under this act, or who should be so licensed.

32 "Loan processor" or "loan underwriter" means an individual who
33 performs clerical or support duties as an employee, at the direction
34 of and subject to the supervision and instruction of a licensee under
35 this act [or a person exempt from licensure].

36 "Mortgage loan originator" means any individual, not exempt
37 under section 5 of this act and licensed pursuant to the provisions of
38 this act, and any individual who should be licensed pursuant to the
39 provisions of this act, who for compensation or gain, or in the
40 expectation of compensation or gain, either directly or indirectly
41 takes a residential mortgage loan application, or offers or negotiates
42 terms of a residential mortgage loan. However, the term "mortgage
43 loan originator" does not mean an individual:

44 **[(1)]** a. who is a qualified individual licensee for a residential
45 mortgage lender or residential mortgage broker;

46 **[(2)]** b. engaged solely as a loan processor or underwriter,
47 except as provided in section 4 of this act; **[or]**

1 **[(3)]** c. engaged solely in extensions of credit relating to
2 timeshare plans, as defined in section 101(53D) of title 11, United
3 States Code (11 U.S.C. s.101(53D)); or

4 d. (1) employed by a federal, state, or local government
5 agency or a housing finance agency and who acts as a mortgage
6 loan originator only pursuant to his or her official duties as an
7 employee of the federal, state, or local government agency, or of a
8 housing finance agency. The agency itself is not considered a
9 mortgage loan originator under the provisions of P.L.2009, c.53
10 (C.17:11C-51 et seq.).

11 (2) For the purposes of subsection d. of this section:

12 (a) "Employee" means an individual whose manner and means
13 of performance of work are subject to the right of control of, or are
14 controlled by, a person and whose compensation for federal income
15 tax purposes is reported or required to be reported on a W-2 form
16 issued by the controlling person;

17 (b) "Housing finance agency" means any organization that is:

18 (i) Chartered by a state to help meet the affordable housing
19 needs of the residents of the state;

20 (ii) Supervised, directly or indirectly, by the state government;

21 (iii) Subject to audit and review by the state in which it operates;
22 and

23 (iv) Whose activities make it eligible to be a member of the
24 National Council of State Housing Agencies.

25 "Nationwide Mortgage Licensing System and Registry" means
26 the mortgage licensing system developed and maintained by the
27 Conference of State Bank Supervisors and the American
28 Association of Residential Mortgage Regulators, or their
29 successors, and utilized for licensing and registering residential
30 mortgage lenders and residential mortgage brokers as business
31 licensees in accordance with this act, and residential mortgage
32 lenders and brokers as qualified individual licensees and mortgage
33 loan originators as required pursuant to the federal "Secure and Fair
34 Enforcement for Mortgage Licensing Act of 2008," title V of
35 Pub.L.110-289 (12 U.S.C. s.5101 et seq.).

36 "Nontraditional mortgage product" means any mortgage product
37 other than a 30-year fixed rate residential mortgage loan.

38 "Open-end loan" means a secondary mortgage loan made by a
39 residential mortgage lender pursuant to a written agreement with the
40 borrower whereby:

41 (1) The lender may permit the borrower to obtain advances of
42 money from the lender from time to time or the lender may advance
43 money on behalf of the borrower from time to time as directed by
44 the borrower;

45 (2) The amount of each advance and permitted interest and
46 charges are debited to the borrower's account and payments and
47 other credits are credited to the same account;

1 (3) Interest is computed on the unpaid principal balance or
2 balances of the account from time to time; and

3 (4) The borrower has the privilege of paying the account in full
4 at any time or, if the account is not in default, in monthly
5 installments of fixed or determinable amounts as provided in the
6 agreement.

7 “Out-of-State mortgage loan originator” means an individual
8 who maintains a unique identifier through the Nationwide Mortgage
9 Licensing System and Registry and currently holds a valid
10 mortgage loan originator license issued pursuant to the law of any
11 state or other jurisdiction within the United States.

12 "Person" means an individual, sole proprietor, association, joint
13 venture, partnership, limited partnership association, limited
14 liability company, corporation, trust, or any other group of
15 individuals however organized.

16 "Primary market" means the market wherein residential
17 mortgage loans are originated between a residential mortgage lender
18 and a borrower, whether or not through a residential mortgage
19 broker or other conduit, and shall not include the sale or acquisition
20 of a residential mortgage loan after the mortgage loan is closed.

21 "Qualified individual licensee" means an individual [licensed as
22 a residential mortgage lender or residential mortgage broker,] who
23 is required to be licensed under this act as a condition for a person
24 to be issued or hold a license as a business licensee, whereby the
25 individual: (1) meets, at a minimum, the licensing criteria
26 applicable to a mortgage loan originator; and (2) is an officer,
27 director, partner, owner, or principal of the business licensee.

28 "Registered mortgage loan originator" means any individual
29 who:

- 30 (1) is a mortgage loan originator and an employee of:
31 (a) a depository institution;
32 (b) a subsidiary that is (i) owned and controlled by a depository
33 institution and (ii) regulated by a federal banking agency; or
34 (c) an institution regulated by the Farm Credit Administration
35 established by section 5.7 of the "Farm Credit Act of 1971,"
36 Pub.L.92-181 (12 U.S.C. s.2241), or its successor; and
37 (2) is registered with, and maintains a unique identifier through,
38 the Nationwide Mortgage Licensing System and Registry.

39 "Residential mortgage broker" means any person, not exempt
40 under section 5 of this act and licensed pursuant to the provisions of
41 this act, and any person who should be licensed pursuant to the
42 provisions of this act, who for compensation or gain, or in the
43 expectation of compensation or gain, either directly or indirectly
44 takes a residential mortgage loan application for others, or
45 negotiates, places or sells for others, or offers to take an application
46 for, negotiate, place or sell, residential mortgage loans in the
47 primary market for others. [The term "residential mortgage broker"

1 also means an individual who is a qualified individual licensee for a
2 residential mortgage broker.】

3 "Residential mortgage lender" means any person, not exempt
4 under section 5 of this act and licensed pursuant to the provisions of
5 this act, and any person who should be licensed pursuant to the
6 provisions of this act, who for compensation or gain, or in the
7 expectation of compensation or gain, either directly or indirectly
8 takes a residential mortgage loan application, or offers, negotiates,
9 originates, or acquires residential mortgage loans in the primary
10 market. The term "residential mortgage lender" also means【: (1)】,
11 with respect to a business licensee, a correspondent mortgage
12 lender, unless the provisions of this act clearly indicate otherwise【;
13 and (2) with respect to an individual licensee, an individual who is a
14 qualified individual licensee for a residential mortgage lender】.

15 "Residential mortgage loan" means any loan primarily for
16 personal, family, or household purposes that is secured by a
17 mortgage, deed of trust, or other equivalent consensual security
18 interest on a dwelling, as defined in section 【103(v) of the Truth in
19 Lending Act, Pub.L.90-321 (15 U.S.C. s.1602(v))】 103(w) of the
20 Truth in Lending Act, Pub.L.90-321 (15 U.S.C. s.1602(w)), or
21 residential real estate upon which is constructed or intended to be
22 constructed a dwelling.

23 "Residential real estate" means any real property located in this
24 State, upon which is constructed or intended to be constructed a
25 dwelling as defined in section 【103(v) of the Truth in Lending Act,
26 Pub.L.90-321 (15 U.S.C. s.1602(v))】 103(w) of the Truth in
27 Lending Act, Pub.L.90-321 (15 U.S.C. s.1602(w)).

28 "Secondary mortgage loan" means a loan made to an individual,
29 association, joint venture, partnership, limited partnership
30 association, limited liability company, trust, or any other group of
31 individuals, however organized, except a corporation, which is
32 secured in whole or in part by a lien upon any interest in real
33 property, including but not limited to shares of stock in a
34 cooperative corporation, created by a security agreement, including
35 a mortgage, indenture, or any other similar instrument or document,
36 which real property is subject to one or more prior mortgage liens
37 and on which there is erected a structure containing a one, two,
38 three, or four family dwelling, as defined in section 【103(v) of the
39 Truth in Lending Act, Pub.L.90-321 (15 U.S.C. s.1602(v))】 103(w)
40 of the Truth in Lending Act, Pub.L.90-321 (15 U.S.C. s.1602(w)), a
41 portion of which structure may be used for nonresidential
42 purposes【, except that the following loans shall not be subject to the
43 provisions of this act: (1) a loan which is to be repaid in 90 days or
44 less; (2) a loan which is taken as security for a home repair contract
45 executed in accordance with the provisions of the "Home Repair
46 Financing Act," P.L.1960, c.41 (C.17:16C-62 et seq.); or (3) a loan
47 which is the result of the private sale of a dwelling, if title to the

1 dwelling is in the name of the seller and the seller has resided in
2 that dwelling for at least one year, if the buyer is purchasing that
3 dwelling for his own residence and, if the buyer, as part of the
4 purchase price, executes a secondary mortgage in favor of the
5 seller】.

6 “Sponsor” means a business licensee that employs a qualified
7 individual licensee, a mortgage loan originator, or an applicant for a
8 transitional mortgage loan originator license.

9 “State” means any state of the United States, the District of
10 Columbia, any territory of the United States, Puerto Rico, Guam,
11 American Samoa, the U.S. Virgin Islands, and the Commonwealth
12 of the Northern Mariana Islands unless the context clearly indicates
13 otherwise.

14 “Transitional mortgage loan originator license” or “transitional
15 license” means a license, issued to an out-of-State mortgage loan
16 originator that provides temporary authority to engage in the
17 business of mortgage loan origination in this State pending the
18 completion by the transitionally licensed individual of the
19 requirements for licensure as a New Jersey mortgage loan originator
20 as set forth in section 7 of P.L.2009, c.53 (C.17:11C-57). A
21 transitional mortgage loan originator license shall be valid for a
22 term of no longer than 90 days.

23 "Unique identifier" means a number or other identifier for a
24 mortgage loan originator or a qualified individual licensee as a
25 residential mortgage lender or residential mortgage broker, assigned
26 by protocols established by the Nationwide Mortgage Licensing
27 System and Registry.

28 (cf: P.L.2009, c.53, s.3)

29

30 2. Section 4 of P.L.2009, c.53 (C.17:11C-54) is amended to
31 read as follows:

32 4. Except as provided under section 5 of this act, beginning no
33 later than July 31, 2010, or a later date approved by the Secretary of
34 the United States Department of Housing and Urban Development
35 pursuant to the provisions of section 1508 of the federal "Secure
36 and Fair Enforcement for Mortgage Licensing Act of 2008,"
37 Pub.L.110-289 (12 U.S.C. s.5107), the licensing requirements under
38 this act shall be as follows:

39 a. For residential mortgage lenders and residential mortgage
40 brokers, as business licensees:

41 (1) No person shall act as a residential mortgage lender or
42 broker without first obtaining a license under this act, except that a
43 person licensed as a residential mortgage lender may act as a
44 broker, if proper disclosure is made. The department shall issue
45 licenses which specify whether a business licensee is licensed as a
46 residential mortgage lender or broker.

47 (2) No person shall be issued or hold a license as a residential
48 mortgage lender or residential mortgage broker unless one officer,

1 director, partner, owner or principal is a qualified individual
2 licensee **【of that same type sought or held】**. The commissioner
3 may, by regulation, require a licensed residential mortgage lender
4 or broker to employ additional qualified individual licensees to
5 properly supervise the business licensee in its branch offices. If a
6 qualified individual licensee allows his license to lapse or for some
7 other reason is no longer affiliated with the business licensee, the
8 business licensee shall notify the commissioner within 10 days, and
9 shall appoint another qualified individual licensee within 90 days or
10 a longer period as permitted by the commissioner.

11 (3) No person licensed as a mortgage banker, correspondent
12 mortgage banker, mortgage broker, or secondary lender under the
13 provisions of the "New Jersey Licensed Lenders Act," sections 1
14 through 49 of P.L.1996, c.157 (C.17:11C-1 et seq.), prior to the
15 effective date of its reform and re-titling as the "New Jersey
16 Consumer Finance Licensing Act" pursuant to P.L.2009, c.53
17 (C.17:11C-51 et al.), shall continue to engage in any activities for
18 which a license was previously issued, and henceforth act as a
19 residential mortgage lender or residential mortgage broker without
20 first obtaining a license under this act.

21 (4) No person licensed as an insurance producer under the
22 provisions of P.L.2001, c.210 (C.17:22A-26 et seq.) with title
23 insurance authority shall be licensed as a business licensee or
24 engage in the business of mortgage loan origination in accordance
25 with section 1 of P.L.1991, c.18 (C.17:46B-30.1).

26 b. For **【residential mortgage lenders and residential mortgage**
27 **brokers, as】** qualified individual licensees:

28 (1) No individual shall act as a qualified individual licensee for
29 a residential mortgage lender or residential mortgage broker without
30 first obtaining a license under this act. A qualified individual
31 licensee **【licensed as a residential mortgage lender or broker】** may
32 act as a mortgage loan originator.

33 (2) No individual licensee for a mortgage banker, correspondent
34 mortgage banker, mortgage broker, or secondary lender under the
35 provisions of the "New Jersey Licensed Lenders Act," sections 1
36 through 49 of P.L.1996, c.157 (C.17:11C-1 et seq.), prior to the
37 effective date of its reform and re-titling as the "New Jersey
38 Consumer Finance Licensing Act" pursuant to P.L.2009, c.53
39 (C.17:11C-51 et al.), shall continue to engage in any activities for
40 which a license was previously issued, and henceforth act as a
41 qualified individual licensee without first obtaining a license under
42 this act.

43 (3) No person licensed as an insurance producer under the
44 provisions of P.L.2001, c.210 (C.17:22A-26 et seq.) with title
45 insurance authority shall be licensed as a qualified individual
46 licensee or engage in the business of mortgage loan origination in
47 accordance with section 1 of P.L.1991, c.18 (C.17:46B-30.1).

48 c. For mortgage loan originators:

1 (1) (a) No individual shall act as a mortgage loan originator
2 without first obtaining a license or transitional license under this
3 act.

4 (b) No individual, except as provided in paragraph (2) of this
5 subsection, shall be issued or hold a license or transitional license
6 as a mortgage loan originator unless employed as an originator by
7 one, and not more than one, business licensee, and is subject to the
8 direct supervision and control of that licensee, employed by an
9 exempt company, or who is under a written agreement with and
10 sponsored in the Nationwide Mortgage Licensing System by one,
11 and not more than one, person exempt from licensing requirements
12 and registered with the department under subsection a. of section 5
13 of P.L.2009, c.53 (C.17:11C-55), and is subject to the direct
14 supervision and control of that exempt person.

15 (2) No individual shall act as a loan processor or underwriter
16 who is an independent contractor **【shall act as a loan processor or**
17 **underwriter】** or employed by an independent contractor without
18 first obtaining a mortgage loan originator license under this act,
19 except as provided in subsection d. of this section.

20 (3) No individual registered as a mortgage solicitor under the
21 provisions of the "New Jersey Licensed Lenders Act," sections 1
22 through 49 of P.L.1996, c.157 (C.17:11C-1 et seq.), prior to the
23 effective date of its reform and re-titling as the "New Jersey
24 Consumer Finance Licensing Act" pursuant to P.L.2009, c.53
25 (C.17:11C-51 et al.), shall continue to engage in any activities for
26 which a registration was previously issued, and henceforth act as a
27 mortgage loan originator without first obtaining a license under this
28 act.

29 (4) No person licensed as an insurance producer under the
30 provisions of P.L.2001, c.210 (C.17:22A-26 et seq.) with title
31 insurance authority shall be licensed as a mortgage loan originator
32 or engage in the business of mortgage loan origination in
33 accordance with section 1 of P.L.1991, c.18 (C.17:46B-30.1).

34 d. For exempt companies:

35 (1) No person shall qualify for registration as an exempt
36 company unless the person is in the business of mortgage loan
37 origination solely by virtue of its performance of loan processing or
38 underwriting functions. The commissioner shall have the authority
39 to adopt rules in accordance with the "Administrative Procedure
40 Act," P.L.1968, c.410 (C.52:14B-1 et seq.) specifying additional
41 criteria on the basis of which a person in the business of mortgage
42 loan origination solely by virtue of its performance of loan
43 processing or underwriting functions may qualify for registration as
44 an exempt company.

45 (2) An exempt company shall register with the commissioner
46 and with the Nationwide Mortgage Licensing System and Registry.
47 An applicant for registration or for renewal of registration as an
48 exempt company shall:

1 (a) Submit a completed application to the commissioner on the
2 form, in the manner, and with the appropriate evidence in support of
3 the application as may be prescribed by the commissioner;

4 (b) Pay to the commissioner at the time of application a
5 nonrefundable application fee not to exceed \$500 as established by
6 the commissioner by regulation;

7 (c) Pay to the Nationwide Mortgage Licensing System and
8 Registry any fees required by that system and registry, or any fees
9 which, by arrangement of the commissioner, are payable to the
10 Nationwide Mortgage Licensing System and Registry on behalf of
11 the commissioner; and

12 (d) Obtain a blanket bond in an amount and form prescribed by
13 the commissioner, but not less than \$25,000. The bond shall be
14 obtained from a surety company authorized by law to do business in
15 this State. The exempt company shall procure the bond to cover its
16 mortgage loan origination related activities. The bond shall run to
17 the State for the benefit of any person injured by the wrongful act,
18 default, fraud or misrepresentation of any person covered by the
19 bond. No bond shall comply with the requirements of this
20 subparagraph unless the bond contains a provision that it shall not
21 be canceled for any cause unless notice of intention to cancel is
22 filed in the department at least 30 days before the day upon which
23 cancellation shall take effect.

24 (3) A registered exempt company shall:

25 (a) Respond in a timely manner to any request of the
26 commissioner for the production of and access to books, records,
27 accounts, documents or other information relative to its operations;

28 (b) Submit to the Nationwide Mortgage Licensing System and
29 Registry a mortgage call report of conditions, in the form and
30 manner, and with such information, at any time as may be required
31 by the nationwide system and registry, and any other report to, or
32 through, the nationwide system and registry pursuant to an
33 arrangement for reporting and sharing information;

34 (c) Provide written notice to the commissioner within 10 days of
35 the occurrence of any event that would cause the exempt company
36 to no longer qualify for registration as such under the terms of this
37 subsection d. and so notify in writing all licensed mortgage loan
38 originators employed or retained by the exempt company; and

39 (d) Employ at least one individual who is licensed as a mortgage
40 loan originator who shall not engage in the origination of mortgage
41 loans under P.L. , c. (pending before the Legislature as this bill)
42 and shall be assigned supervision and instruction duties with respect
43 to individuals employed as loan processors or loan underwriters as
44 defined in section 3 of P.L.2009, c.53 (C.17:11C-53).

45 (cf: P.L.2015, c.14, s.1)

46
47 3. Section 5 of P.L.2009, c.53 (C.17:11C-55) is amended to
48 read as follows:

- 1 5. The requirements of this act shall not apply to:
- 2 a. Depository institutions; but subsidiaries and service
3 corporations of these institutions shall not be exempt. A depository
4 institution may register with the department for the purpose of
5 sponsoring individuals, licensed as mortgage loan originators
6 subject to subparagraph (b) of paragraph (1) of subsection c. of
7 section 4 of P.L.2009, c.53 (C.17:11C-54), provided that such
8 registered entity obtains and maintains bond coverage for mortgage
9 loan originators consistent with section 13 of P.L.2009, c.53
10 (C.17:11C-63). A depository institution registered with the
11 department in accordance with this subsection a. shall otherwise
12 remain exempt from the licensing requirements of P.L.2009, c.53
13 (C.17:11C-51 et seq.).
- 14 b. A registered mortgage loan originator that is registered
15 under the federal "Secure and Fair Enforcement for Mortgage
16 Licensing Act of 2008," title V of Pub.L.110-289 (12 U.S.C. s.5101
17 et seq.).
- 18 c. A licensed attorney who negotiates the terms of a residential
19 mortgage loan on behalf of a client as an ancillary matter to the
20 attorney's representation of the client, unless the attorney is
21 compensated by a residential mortgage lender, residential mortgage
22 broker, or mortgage loan originator.
- 23 d. A person licensed as a real estate broker or salesperson
24 pursuant to R.S.45:15-1 et seq., and not engaged in the business of a
25 residential mortgage lender or residential mortgage broker. Any
26 person holding a license under this act as a residential mortgage
27 lender or broker shall be exempt from the licensing and other
28 requirements of R.S.45:15-1 et seq. in the performance of those
29 functions authorized by this act.
- 30 e. Any employer, other than a residential mortgage lender, who
31 provides residential mortgage loans to his employees as a benefit of
32 employment which are at an interest rate which is not in excess of
33 the usury rate in existence at the time the loan is made, as
34 established in accordance with the law of this State, and on which
35 the borrower has not agreed to pay, directly or indirectly, any
36 charge, cost, expense or any fee whatsoever, other than that interest.
- 37 f. The State of New Jersey or a municipality, or any agency or
38 instrumentality thereof, which, in accordance with a housing
39 element that has received substantive certification from the Council
40 on Affordable Housing pursuant to the "Fair Housing Act,"
41 P.L.1985, c.222 (C.52:27D-301 et al.), or in fulfillment of a
42 regional contribution agreement with a municipality that has
43 received a certification, employs or proposes to employ municipally
44 generated funds, funds obtained through any State or federal
45 subsidy, or funds acquired by the municipality under a regional
46 contribution agreement, to finance the provision of affordable
47 housing by extending loans or advances, the repayment of which is

1 secured by a lien, subordinate to any prior lien, upon the property
2 that is to be rehabilitated.

3 g. Any individual who offers or negotiates terms of a
4 residential mortgage loan:

5 (1) with or on behalf of an immediate family member; or

6 (2) secured by a dwelling that **【served】** serves as the
7 individual's residence.

8 h. Any person who, during a calendar year takes three or fewer
9 residential mortgage loan applications or offers or negotiates the
10 terms of three or fewer residential mortgage loans or makes three or
11 fewer residential mortgage loans related to manufactured housing
12 structures which are:

13 (1) titled by the New Jersey Motor Vehicle Commission;

14 (2) located in a mobile home park as defined in subsection e. of
15 section 3 of P.L.1983, c.400 (C.54:4-1.4); and

16 (3) exempt from taxation as real property pursuant to subsection
17 b. of section 4 of P.L.1983, c.400 (C.54:4-1.5).

18 i. A bona fide not for profit entity and any individuals directly
19 employed by that entity, so long as the entity maintains its tax
20 exempt status under Section 501(c)(3) of the Internal Revenue Code
21 of 1986 and otherwise meets the definition of "bona fide not for
22 profit entity" in section 3 of P.L.2009, c.53 (C.17:11C-53), as
23 periodically determined by the department in accordance with rules
24 established by the commissioner.

25 (cf: P.L.2015, c.14, s.2)

26

27 4. Section 6 of P.L.2009, c.53 (C.17:11C-56) is amended to
28 read as follows:

29 6. Beginning no later than July 31, 2010, or a later date
30 approved by the Secretary of the United States Department of
31 Housing and Urban Development pursuant to the provisions of
32 section 1508 of the federal "Secure and Fair Enforcement for
33 Mortgage Licensing Act of 2008," Pub.L.110-289 (12 U.S.C.
34 s.5107), the commissioner shall begin issuing licenses for business
35 licensees as residential mortgage lenders or residential mortgage
36 brokers under this act if the following conditions are met:

37 a. A completed application for a new license or for a renewal
38 of a license, submitted to the commissioner on the form, in the
39 manner, and with appropriate evidence in support of the application,
40 as required by this act and as may be prescribed by the
41 commissioner.

42 b. The submission to the commissioner of the name, address,
43 fingerprints and written consent for a criminal history record
44 background check to be performed on any officer, director, partner
45 or owner of a controlling interest of the person seeking licensure.
46 The commissioner is authorized to exchange fingerprint data with
47 and receive criminal history record information from the State
48 Bureau of Identification in the Division of State Police and the

1 Federal Bureau of Investigation consistent with applicable State and
2 federal laws, rules and regulations, for the purposes of facilitating
3 determinations concerning licensure eligibility for the person, based
4 upon any findings related to an officer, director, partner or owner.
5 The applicant shall bear the cost for the criminal history record
6 background check, including all costs of administering and
7 processing the check. The Division of State Police shall promptly
8 notify the commissioner in the event an officer, director, partner or
9 owner of the person, who was the subject of a criminal history
10 record background check pursuant to this section, is arrested for a
11 crime or offense in this State after the date the background check
12 was performed, whether the person is a prospective new licensee, or
13 subsequently, a current license holder.

14 c. A finding by the commissioner that the financial
15 responsibility, experience, character, and general fitness of the
16 person seeking licensure demonstrates that as a business licensee,
17 the person will operate honestly, fairly, and efficiently within the
18 purposes of this act. The commissioner may require any officer,
19 director, partner, owner, or principal of an entity seeking licensure
20 as a business licensee to authorize the Nationwide Mortgage
21 Licensing System and Registry to obtain a credit report on such
22 individual and at their cost.

23 d. A demonstration of an affiliated qualified individual licensee
24 for the applicant, as required by paragraph (2) of subsection a. of
25 section 4 of this act.

26 e. A demonstration of coverage by a surety bond as required by
27 section 13 of this act.

28 f. A demonstration of the tangible net worth requirements as
29 required by section 14 of this act.

30 g. The payment of any required fees under this act, as
31 established by the commissioner by regulation and payable to the
32 commissioner or, by arrangement of the commissioner, to the
33 Nationwide Mortgage Licensing System and Registry on behalf of
34 the commissioner, or as set forth by the nationwide system and
35 registry and payable to that nationwide system and registry.

36 h. A person whose application is deemed abandoned shall be
37 required to submit a new application in order to obtain licensure as
38 a business licensee. The commissioner may adopt rules addressing
39 notices of abandonment and the subsequent submission of new
40 applications.

41 (cf: P.L.2009, c.53, s.6)

42

43 5. Section 7 of P.L.2009 c.53 (C.17:11C-57) is amended to
44 read as follows:

45 7. Beginning no later than July 31, 2010, or a later date
46 approved by the Secretary of the United States Department of
47 Housing and Urban Development pursuant to the provisions of
48 section 1508 of the federal "Secure and Fair Enforcement for

1 Mortgage Licensing Act of 2008," Pub.L.110-289 (12 U.S.C.
2 s.5107), the commissioner shall begin issuing licenses for
3 individual licensees under this act, utilizing the Nationwide
4 Mortgage Licensing System and Registry, or other entity designated
5 by that nationwide system and registry, as required or permitted by
6 the federal "Secure and Fair Enforcement for Mortgage Licensing
7 Act of 2008" and as otherwise deemed appropriate by the
8 commissioner to carry out the provisions of this act, if the following
9 conditions are met:

10 a. For mortgage loan originators and transitional mortgage loan
11 originators:

12 (1) A completed application for a new license or for a renewal
13 of a license, submitted to the commissioner on the form, in the
14 manner, and with appropriate evidence in support of the application,
15 as required by this act and as may be prescribed by the
16 commissioner.

17 (2) A background check in connection with an application,
18 based upon information provided to and received from the Division
19 of State Police, and provided to and received from or through the
20 Nationwide Mortgage Licensing System and Registry, which does
21 not contain any disqualifying information as set forth in this
22 paragraph. The background check shall include a State criminal
23 history record background check based upon an exchange of
24 fingerprint data with the State Bureau of Identification in the
25 Division of State Police, for which the division shall promptly
26 notify the commissioner if the subject of the original criminal
27 history record background check is arrested for a crime or offense
28 in this State after the date the background check was performed,
29 and a check of both criminal and non-criminal information as
30 requested from and distributed to the Federal Bureau of
31 Investigation and any other governmental agency through the
32 Nationwide Mortgage Licensing System and Registry as follows:

33 (a) fingerprints, for submission to the Federal Bureau of
34 Investigation and any other governmental agency authorized to
35 receive this information for a state, federal, and international
36 criminal history record background check, to determine whether the
37 individual has been convicted of, or pled guilty or nolo contendere
38 to, a felony in a domestic court, which in this State includes any
39 crime of the fourth degree or higher punishable by a term of
40 imprisonment of more than one year, or in a foreign or military
41 court:

42 (i) during the seven-year period preceding the filing of the
43 application, except that a conviction under this sub-subparagraph
44 which is pardoned or expunged shall not be considered
45 disqualifying information; or

46 (ii) at any time preceding the filing of the application, if the
47 felony involved an act of fraud, dishonesty, a breach of trust, or
48 money laundering, except that a conviction under this sub-

1 subparagraph which is pardoned or expunged shall not be
2 considered disqualifying information; and

3 (b) personal history and experience, collected in a form
4 prescribed by the Nationwide Mortgage Licensing System and
5 Registry, and with the permission of the applicant, in order for that
6 nationwide system and registry and the commissioner to obtain:

7 (i) an independent credit report from a consumer reporting
8 agency described in section 603(p) of the Fair Credit Reporting Act,
9 Pub.L.91-508 (15 U.S.C.s.1681a(p)), for use in making a
10 determination of character and fitness pursuant to paragraph (3) of
11 this subsection; and

12 (ii) information related to any administrative, civil or criminal
13 findings by any governmental jurisdiction, to determine whether the
14 individual had a mortgage loan originator license revoked in any
15 governmental jurisdiction, except that a subsequent, formal vacation
16 of a revocation shall not be considered disqualifying information.

17 (3) A determination of character and fitness, based upon the
18 information related to personal history and experience obtained
19 pursuant to subparagraph (b) of paragraph (2) of this subsection and
20 other available sources, whereby the applicant has demonstrated
21 financial responsibility, character, and general fitness as to
22 command the confidence of the community and to warrant a
23 determination that as a mortgage loan originator the applicant will
24 operate honestly, fairly, and efficiently within the purposes of this
25 act. For the purposes of this paragraph, a determination by the
26 National Mortgage Licensing System and Registry that the
27 applicant cheated or attempted to cheat on an examination required
28 for licensure or for continued licensure under P.L.2009, c.53
29 (C.17:11C-51 et seq.) shall be evidence that the applicant lacks the
30 requisite character and fitness for licensure. For purposes of this
31 paragraph, an applicant has demonstrated not to be financially
32 responsible if the applicant has shown a disregard in the
33 management of the applicant's own financial condition, which may
34 include, but is not limited to:

35 (a) current outstanding judgments, except judgments solely as a
36 result of medical expenses;

37 (b) current outstanding tax liens or other government liens and
38 filings;

39 (c) foreclosures during the three-year period preceding the filing
40 of the application; or

41 (d) a pattern of seriously delinquent accounts during the three-
42 year period preceding the filing of the application.

43 (4) A demonstration of employment by one, and not more than
44 one, business licensee as required by paragraph (1) of subsection c.
45 of section 4 of this act.

46 (5) The completion of any pre-licensing education requirements
47 as set forth in section 9 of this act.

1 (6) The successful passage of a qualified written test based upon
2 the testing requirements as set forth in section 10 of this act.

3 (7) The completion of any continuing education requirements, if
4 applicable, as set forth in section 11 of this act.

5 (8) A registration with the Nationwide Mortgage Licensing
6 System and Registry as required by section 12 of this act.

7 (9) A demonstration of coverage by a surety bond as required by
8 section 13 of this act.

9 (10) The payment of any required fees under this act, as
10 established by the commissioner by regulation and payable to the
11 commissioner or, by arrangement of the commissioner, to the
12 Nationwide Mortgage Licensing System and Registry on behalf of
13 the commissioner, or as set forth by the nationwide system and
14 registry and payable to that nationwide system and registry.

15 b. For **residential mortgage lenders and residential mortgage**
16 **brokers, as** qualified individual licensees:

17 (1) A completed application for a new license or for a renewal
18 of a license as a qualified licensed individual for a residential
19 mortgage lender or broker, submitted to the commissioner on the
20 form, in the manner, and with appropriate evidence in support of the
21 application, whereby the applicant follows the licensing procedure
22 and meets the licensing criteria applicable to a mortgage loan
23 originator, as set forth in subsection a. of this section, except that
24 the applicant shall not request or be issued a separate license as a
25 mortgage loan originator under that subsection.

26 (2) A determination with respect to any stricter or additional
27 licensing requirements that the commissioner may, by regulation,
28 establish.

29 (3) The payment of any required fees under this act, as
30 established by the commissioner by regulation and payable to the
31 commissioner or, by arrangement of the commissioner, to the
32 Nationwide Mortgage Licensing System and Registry on behalf of
33 the commissioner, or as set forth by the nationwide system and
34 registry and payable to that nationwide system and registry.

35 c. For individuals, the following provisions shall also apply:

36 (1) An applicant for a mortgage loan originator license who has
37 met all the requirements for licensure except the demonstration of
38 employment referenced in paragraph (4) of subsection a. of this
39 section shall be considered to be in approved inactive status and
40 designated as such in the Nationwide Mortgage Licensing System
41 and Registry and may remain in that status for as long as the
42 applicant renews the approved inactive status annually and meets
43 the continuing education requirements as required by section 11 of
44 P.L.2009, c.53 (C.17:11C-61).

45 (2) An applicant for licensure as an individual licensee who has
46 unresolved credit issues but who demonstrates to the satisfaction of
47 the commissioner a good faith effort to achieve the level of
48 financial responsibility required by paragraph (3) of subsection a. of

1 section 7 of P.L.2009, c.53 (C.17:11C-57) may be deemed in
2 approved conditional status and be designated as such in the
3 Nationwide Mortgage Licensing System and Registry. The
4 applicant may remain in approved conditional status so long as the
5 applicant continues to demonstrate substantial progress toward the
6 achievement of financial responsibility, renews the applicant's
7 mortgage loan originator license or qualified individual license
8 annually, and meets the continuing education requirements
9 established by section 11 of P.L.2009, c.53 (C.17:11C-61). Upon
10 demonstration to the satisfaction of the commissioner that the
11 applicant has achieved financial responsibility, and predicated on
12 the applicant continuing to fulfill all other applicable requirements
13 for such status, the license status of the individual shall be revised
14 to approved. While the applicant's license is in approved
15 conditional status, an individual may engage in activity as a
16 mortgage loan originator or a qualified individual licensee in
17 accordance with the provisions of P.L.2009, c.53 (C.17:11C-1 et
18 seq.) and all applicable rules.

19 (3) For applicants as individual licensees, an offense that was
20 the subject of an order granting the individual admission to the New
21 Jersey Pre-trial Intervention Program pursuant to the provisions of
22 N.J.S. 2C:43-12 through 22, and such offense having been
23 dismissed with prejudice in accordance with subsection d. of N.J.S.
24 2C:43-13, or the applicant having been admitted to a functionally
25 equivalent program of another state or of the United States whereby
26 an offense was dismissed or a felony conviction was avoided or
27 eliminated from the record upon the applicant having successfully
28 completed the program as established by the submission of
29 confirming documentation, shall not be considered disqualifying
30 information for purposes of subsection a. of this section.

31 (4) The commissioner may deem abandoned an application for
32 licensure as a mortgage loan originator, transitional mortgage loan
33 originator, or a qualified individual licensee if the application fails
34 to meet all of the requirements of a complete application within 90
35 days of the date on which the application was initially submitted. A
36 person whose application is deemed abandoned shall be required to
37 submit a new application in order to pursue licensure as a mortgage
38 loan originator, transitional mortgage loan originator, or a qualified
39 individual licensee. The commissioner may adopt rules addressing
40 notices of abandonment and the subsequent submission of new
41 applications.

42 (cf: P.L.2009, c.53, s.7)

43
44 6. Section 8 of P.L.2009, c.53 (C.17:11C-58) is amended to
45 read as follows:

46 8. a. An applicant for a new license or for a renewal of a
47 license to be a residential mortgage lender or residential mortgage
48 broker, as a business licensee:

1 (1) Shall pay to the commissioner at the time of the application
2 a nonrefundable application fee, as established by the commissioner
3 through regulation, not to exceed \$2,800. The nonrefundable
4 application fee is required for each residential mortgage lender or
5 broker license issued, including for each branch office license of a
6 business licensee.

7 (2) Shall additionally pay to the Nationwide Mortgage
8 Licensing System and Registry any required fees as set forth by that
9 nationwide system and registry, or any commissioner's fees, which
10 by arrangement of the commissioner, are payable to the nationwide
11 system and registry on behalf of the commissioner.

12 b. An applicant for a new license or for a renewal of a license
13 **【to be a residential mortgage lender or residential mortgage**
14 **broker,】** as a qualified individual licensee:

15 (1) Shall pay to the commissioner at the time of the application
16 a nonrefundable application fee, as established by the commissioner
17 through regulation, not to exceed \$500.

18 (2) Shall additionally pay to the Nationwide Mortgage
19 Licensing System and Registry any required fees as set forth by that
20 nationwide system and registry, or any commissioner's fees, which
21 by arrangement of the commissioner, are payable to the nationwide
22 system and registry on behalf of the commissioner.

23 c. An applicant for a new license or for a renewal of a license
24 to be a mortgage loan originator or transitional mortgage loan
25 originator:

26 (1) Shall pay to the commissioner at the time of the application
27 a nonrefundable application fee, as established by the commissioner
28 through regulation, not to exceed \$500. A mortgage loan
29 originator, **【other than a loan processor or underwriter who is an**
30 **independent contractor and subject to licensure pursuant to**
31 **paragraph (1) of subsection c. of section 4 of this act,】** who changes
32 the employment affiliation on his license**【, which affiliation is**
33 **required as a condition of licensure pursuant to paragraph (1) of**
34 **subsection c. of section 4 of this act,】** to a different business
35 licensee, shall be required to submit any documentation required by
36 regulation and **【pay another nonrefundable application fee】** comply
37 with all requirements applicable to such changes of employment as
38 prescribed by rule.

39 (2) Shall additionally pay to the Nationwide Mortgage
40 Licensing System and Registry any required fees as set forth by that
41 nationwide system and registry, or any commissioner's fees, which
42 by arrangement of the commissioner, are payable to the nationwide
43 system and registry on behalf of the commissioner.

44 (cf: P.L.2009, c.53, s.8)

45

46 7. Section 10 of P.L.2009, c.53 (C.17:11C-60) is amended to
47 read as follows:

1 10. a. (1) An applicant for a new license as a mortgage loan
2 originator or a qualified individual licensee shall pass, as a pre-
3 licensing requirement, a qualified written test, developed by the
4 Nationwide Mortgage Licensing System and Registry, and
5 administered by a test provider approved by the nationwide system
6 and registry, based upon reasonable standards established by that
7 nationwide system and registry. Pursuant to the reasonable
8 standards established by the nationwide system and registry, a
9 qualified written test may be administered at any location, including
10 the location of the employer or affiliated business licensee of the
11 applicant, or any subsidiary or affiliate of the applicant's employer
12 or affiliated business licensee, or any entity with which the
13 applicant holds an exclusive arrangement to engage in the business
14 of a residential mortgage lender, residential mortgage broker, or
15 mortgage loan originator.

16 (2) In addition to an applicant for a new license, an applicant for
17 a license reinstatement after failing to maintain a valid license for a
18 period of five years or longer shall be required to pass a qualified
19 written test as set forth in this section as a requirement for the
20 license reinstatement.

21 b. The qualified written test shall adequately measure the
22 applicant's knowledge and comprehension in appropriate subject
23 areas, which shall include at a minimum, but not be limited to:

24 (1) federal and State statutes and regulations pertaining to
25 mortgage origination;

26 (2) other federal and State statutes and regulations, including
27 those pertaining to fraud, consumer protection, fair lending issues,
28 and the nontraditional mortgage marketplace; and

29 (3) ethics.

30 c. An applicant shall only be considered to have passed the
31 qualified written test if the applicant achieves a test score of not less
32 than 75 percent correct answers to the test questions.

33 d. An applicant may take the qualified written test up to three
34 consecutive times in order to successfully pass and qualify for
35 licensure. The applicant shall not take a subsequent, consecutive
36 test until at least 30 calendar days next following the applicant's
37 preceding test date. If the applicant fails to pass the qualified
38 written test after three consecutive attempts, the applicant shall not
39 be permitted to retake the test for a period of at least six months
40 from the applicant's last preceding test date.

41 e. A determination by the National Mortgage Licensing System
42 and Registry that an applicant has engaged in or attempted to
43 engage in cheating while taking a qualified written test shall
44 constitute evidence that the applicant lacks the character and fitness
45 necessary to qualify for licensure pursuant to section 7 of P.L.2009,
46 c.53 (C.17:11C-57) and may be grounds for action on an existing
47 license pursuant to section 20 of P.L.2009, c.53 (C.17:11C-70).

48 (cf: P.L.2009, c.53, s.10)

1 8. Section 11 of P.L.2009, c.53 (C.17:11C-61) is amended to
2 read as follows:

3 11. a. An applicant for a renewal of a license as a mortgage loan
4 originator or a qualified individual licensee, shall complete, as a
5 requirement for the license renewal, at least 12 hours of education
6 from one or more continuing educational courses provided by a
7 continuing educational course provider, reviewed and approved by
8 the Nationwide Mortgage Licensing System and Registry, based
9 upon reasonable standards established by that nationwide system
10 and registry.

11 (1) Pursuant to the reasonable standards established by the
12 nationwide system and registry, an approved continuing educational
13 course provider may include the employer or affiliated business
14 licensee of the individual licensee, or an entity which is affiliated
15 with the individual licensee by an agency contract, or any
16 subsidiary or affiliate of the individual licensee's employer,
17 affiliated business licensee, or affiliated entity.

18 (2) Pursuant to the reasonable standards established by the
19 nationwide system and registry, an approved continuing educational
20 course may be offered at any location and by any means, including
21 live classroom instruction, prepared group or individual
22 coursework, or the Internet.

23 b. The approved continuing educational course shall include at
24 a minimum, but not be limited to:

25 (1) 3 hours of instruction on federal statutes and regulations;

26 (2) 2 hours of instruction on ethics, including instruction on
27 fraud, consumer protection, and fair **licensing** lending issues;
28 **and**

29 (3) 2 hours of training related to lending standards for the
30 nontraditional mortgage product marketplace; and

31 (4) 2 hours of instruction related to New Jersey laws and
32 regulations on residential mortgage lending.

33 c. (1) Except as set forth by the commissioner in regulations
34 consistent with this act and the provisions of the federal "Secure
35 and Fair Enforcement for Mortgage Licensing Act of 2008," title V
36 of Pub.L.110-289 (12 U.S.C. s.5101 et seq.), a licensed mortgage
37 loan originator, or a licensed residential mortgage lender or
38 residential mortgage broker as a qualified individual licensee, may
39 only receive credit for an approved continuing educational course:

40 (a) in the calendar year in which the licensee takes the course;
41 and

42 (b) that is not the same approved course already taken in that
43 calendar year or the immediately preceding calendar year.

44 (2) A licensed mortgage loan originator**,** residential mortgage
45 lender or broker**]** or qualified individual licensee, who is an
46 approved instructor of an approved continuing educational course,
47 may receive credit towards the individual licensee's own continuing
48 educational requirements set forth in this section at the rate of two

1 hours of credit for every one hour of the approved continuing
2 educational course taught.

3 (3) If a licensed mortgage loan originator **], residential mortgage**
4 **lender or broker]** or qualified individual licensee subsequently
5 becomes unlicensed, the individual licensee shall complete the
6 continuing educational requirements set forth in this section for the
7 last calendar year in which the individual was licensed as a
8 requirement for a license reinstatement.

9 d. Any continuing educational requirements of another state,
10 reviewed and approved by the Nationwide Mortgage Licensing
11 System and Registry, and completed by an applicant for a license
12 renewal in that state pursuant to the provisions of the federal
13 "Secure and Fair Enforcement for Mortgage Licensing Act of
14 2008," title V of Pub.L.110-289 (12 U.S.C. s.5101 et seq.), shall be
15 accepted by the commissioner from an applicant as credit towards
16 completion of the reviewed and approved continuing educational
17 requirements of this section for a license renewal in this State.

18 e. A determination by the National Mortgage Licensing System
19 and Registry that an applicant has engaged in or attempted to
20 engage in cheating while taking a continuing education course shall
21 constitute evidence that the applicant lacks the character and fitness
22 necessary for licensure pursuant to section 7 of P.L.2009, c.53
23 (C.17:11C-57) and may be grounds for action on an existing license
24 pursuant to section 20 of P.L.2009, c.53 (C.17:11C-70).
25 (cf: P.L.2009, c.53, s.11)

26
27 9. Section 12 of P.L.2009, c.53 (C.17:11C-62) is amended to
28 read as follows:

29 12. a. An applicant for an initial license or for a renewal of a
30 license as a mortgage loan originator, transitional mortgage loan
31 originator, or a qualified individual licensee shall, as a licensing
32 requirement, be registered and assigned a unique identifier through
33 the Nationwide Mortgage Licensing System and Registry.

34 b. (1) In order to ensure compliance by an applicant with this
35 registration requirement, the commissioner shall utilize, as required
36 or permitted by the "Secure and Fair Enforcement for Mortgage
37 Licensing Act of 2008," title V of Pub.L.110-289 (12 U.S.C. s.5101
38 et seq.) and as otherwise deemed appropriate by the commissioner,
39 the Nationwide Mortgage Licensing System and Registry.

40 (2) The commissioner is authorized, through regulation, to
41 coordinate the registration of an applicant through the nationwide
42 system and registry with the State licensing of the applicant under
43 this act, on any matters deemed necessary by the commissioner for
44 participation in that nationwide system and registry, including but
45 not limited to:

46 (a) background checks, including a criminal history record
47 background check, a check of administrative and civil records, and
48 a credit history check as set forth in section 7 of this act, and

1 concerning any other information deemed necessary by the
2 nationwide system and registry;

3 (b) setting or resetting of license renewal dates, and
4 requirements for amending or surrendering a license;

5 (c) reporting requirements as set forth pursuant to section 35 of
6 this act; and

7 (d) payment of any required fees, as established by the
8 commissioner and payable to the commissioner or to the nationwide
9 system and registry on behalf of the commissioner, and as set forth
10 by the nationwide system and registry and payable to that
11 nationwide system and registry.

12 (3) The commissioner shall, in order to participate in the
13 nationwide system and registry, regularly report violations of this
14 act by an applicant or licensee, as well as information concerning
15 enforcement actions on those violations, along with any other
16 relevant information, to the nationwide system and registry, in a
17 manner and frequency established by that nationwide system and
18 registry.

19 (4) The commissioner shall, in order to participate in the
20 nationwide system and registry, establish by regulation a process by
21 which an applicant or current licensee may request access to the
22 applicant's or licensee's information or material provided to,
23 received from, or collected by the nationwide system and registry,
24 and a process by which that applicant or licensee may correct,
25 amend or delete information or material disputed as incorrect or
26 incomplete.

27 (5) Except as provided under section 1512 of the federal "Secure
28 and Fair Enforcement for Mortgage Licensing Act of 2008,"
29 Pub.L.110-289 (12 U.S.C. s.5111), any requirement under federal
30 or State law, including P.L.1963, c.73 (C.47:1A-1 et seq.),
31 regarding the privacy or confidentiality of any information or
32 material provided to, received from, or collected by the nationwide
33 system and registry, and any privilege arising under federal or State
34 law, including any rules of court, with respect to the information or
35 material, shall continue to apply after the information or material
36 has been provided to, received from, or collected by the nationwide
37 system and registry. The privacy, confidentiality, or privilege shall
38 also continue to apply with respect to the sharing of the information
39 or material, pursuant to procedures set forth by the nationwide
40 system and registry, with any federal banking agency or other
41 federal agency with mortgage industry oversight authority, or any
42 state agency with mortgage industry oversight authority. This
43 paragraph shall not apply to any information or material relating to
44 the employment history of, and publicly adjudicated disciplinary or
45 enforcement actions against, an applicant or licensee that is
46 included in the nationwide system and registry for access by the
47 public, based upon reasonable standards established by the
48 nationwide system and registry.

1 (a) In order to ensure the application of privacy, confidentiality,
2 and privilege protections to information and material as set forth in
3 this paragraph, the commissioner may enter into any necessary
4 arrangement with the nationwide system and registry, other federal
5 or state agency, the Conference of State Bank Supervisors or its
6 successor organization, or other organization representing a federal
7 or state agency, regarding information and material the
8 commissioner shares, and information and materials shared with the
9 commissioner.

10 (b) The information and material subject to privacy,
11 confidentiality, or privilege protections as set forth in this
12 paragraph, notwithstanding any provisions of P.L.1963, c.73
13 (C.47:1A-1 et seq.) or any other State law concerning open records
14 to the contrary, shall not be subject to:

15 (i) disclosure under any federal or State law governing the
16 disclosure to the public of information or material held by an officer
17 or agency of the federal government or any state; or

18 (ii) subpoena or discovery, or admission into evidence, in any
19 private civil action or administrative process, except with respect to
20 any privacy, confidentiality, or privilege held by the nationwide
21 system and registry connected to an applicant's or licensee's
22 information or material that the applicant or licensee gives
23 permission to waive, in whole or in part.

24 (cf: P.L.2009, c.53, s.12)

25

26 10. Section 15 of P.L.2009, c.53 (C.17:11C-65) is amended to
27 read as follows:

28 15. a. A residential mortgage lender or residential mortgage
29 broker that is a business licensee may maintain a branch office or
30 offices. The business licensee shall obtain a license for each branch
31 office in this State and each branch office outside this State from
32 which the licensee has direct contact with New Jersey consumers
33 regarding origination or brokering.

34 b. The commissioner shall issue a branch office license for a
35 residential mortgage lender or broker if:

36 (1) The business licensee has submitted a completed branch
37 office application form, which includes any information required by
38 the commissioner concerning the branch office, and an application
39 fee pursuant to section 8 of this act;

40 (2) The application for the branch office demonstrates that the
41 office is in a suitable location; and

42 (3) The application contains a certification that the office is
43 covered by the business licensee's surety bond, required of that
44 licensee pursuant to section 13 of this act.

45 c. Each branch office shall be under the supervision of a
46 branch manager. A branch manager shall supervise only one branch
47 office at any given time except as may be permitted by the
48 commissioner in accordance with applicable rules. In order to act

1 in the capacity as a branch manager, an individual shall either
2 possess a mortgage loan originator license or, if unlicensed, the
3 qualified individual licensee of the business licensee shall certify
4 that when acting in the capacity of a branch manager the unlicensed
5 individual shall not engage in any activity that would require
6 licensure as a mortgage loan originator.

7 (cf: P.L.2009, c.53, s.15)

8

9 11. Section 17 of P.L.2009, c.53 (C.17:11C-67) is amended to
10 read as follows:

11 17. a. (1) The license for a residential mortgage lender or
12 residential mortgage broker, **[including]** and the license of a
13 qualified individual licensee, shall state the name of the business
14 licensee and the licensee's place or places of business, as applicable,
15 and shall contain any other information as the commissioner may
16 require pursuant to regulation. A license shall not be issued in a
17 name containing any words including "insured," "bonded,"
18 "guaranteed," "secured" and the like. Notwithstanding the
19 provisions of section 18 of P.L.1948, c.67 (C.17:9A-18) or any
20 other law to the contrary, a licensed residential mortgage lender or
21 broker may use the terms "mortgage lender" or "mortgage broker,"
22 respectively, as part of the licensee's name; a licensed residential
23 mortgage lender may also use the term "mortgage banker."

24 (2) The license of the business licensee shall be posted
25 conspicuously in the place or places of business of that licensee,
26 and the license of any qualified individual licensee shall be
27 maintained by that business licensee and available for public
28 inspection at the business licensee's place or places of business.

29 (3) A licensee or any other person shall not photocopy or
30 otherwise reproduce the license except for legitimate business
31 purposes or as required or permitted by the commissioner by
32 regulation.

33 (4) Licenses issued to a business licensee pursuant to this act
34 shall not be transferable or assignable, other than as provided by
35 section 19 of this act.

36 (5) No business licensee shall change **[the]** its name or the
37 address of the business licensee's place or places of business
38 without notice to the commissioner in accordance with regulations
39 as prescribed by the commissioner.

40 b. (1) The license for a mortgage loan originator shall state the
41 name of the originator's **[employing business licensee]** licensed or
42 registered employer and **[the licensee's place or places of business,**
43 as applicable, and] shall contain **[any]** such other information as
44 the commissioner **[may see fit to require]** deems necessary.

45 (2) The license shall be maintained by the licensee and available
46 for public inspection at the licensee's place or places of business.

1 (3) A licensee or any other person shall not photocopy or
2 otherwise reproduce the license except for legitimate business
3 purposes or as required or permitted by the commissioner by
4 regulation.

5 (4) No licensee shall change the name or address of the
6 licensee's place or places of business without notice to the
7 commissioner, in accordance with regulations as prescribed by the
8 commissioner.

9 (cf: P.L.2009, c.53, s.17)

10

11 12. Section 20 of P.L.2009, c.53 (C.17:11C-70) is amended to
12 read as follows:

13 20. a. The commissioner's authority with respect to issuing
14 licenses shall include the following:

15 (1) The commissioner may access, receive and use any
16 information or material required of an applicant or licensee
17 pursuant to sections 6 through 15 of this act, or any other
18 information or material deemed relevant, to determine whether to
19 issue or renew a license, or revoke, suspend, or refuse to renew a
20 license.

21 (2) The commissioner may refuse to issue a license if an
22 applicant fails to meet the requirements for licensure set forth in
23 sections 6 through 15 of P.L.2009, c.53 (C.17:11C-56 through
24 17:11C-65), as applicable.

25 **[(2)] (3)** The commissioner **[may refuse to issue, and]** may
26 revoke, suspend, or refuse to renew, a residential mortgage lender
27 or residential mortgage broker license, including the license of a
28 qualified individual licensee or a branch office license, or a
29 mortgage loan originator license, or transitional mortgage loan
30 originator license, or impose a penalty pursuant to this act, if the
31 commissioner finds, after notice and an opportunity for a hearing in
32 accordance with the "Administrative Procedure Act," P.L.1968,
33 c.410 (C.52:14B-1 et seq.) and any rules adopted thereunder, that
34 any person**[, applicant for]** or holder of the license has:

35 (a) Violated any of the provisions of this act or any order, rule
36 or regulation made or issued pursuant to this act;

37 (b) Failed at any time to meet the requirements for licensure set
38 forth in sections 6 through 15 of this act, as applicable, or withheld
39 information or made a material misstatement in the application for
40 the license;

41 (c) Been convicted of an offense involving breach of trust,
42 moral turpitude or fraudulent or dishonest dealing, including but not
43 limited to the disqualifying criminal activities stated in paragraph
44 (2) of subsection a. of section 7 of this act, if applicable, or had a
45 final judgment entered against the person in a civil or administrative
46 action upon grounds of fraud, misrepresentation, deceit, or failure to
47 maintain books, accounts, records and other documents as required
48 by section 21 of this act;

1 (d) Failed to comply with any reporting requirements set forth
2 pursuant to section 35 of this act;

3 (e) Become insolvent;

4 (f) Demonstrated unworthiness, incompetence, bad faith or
5 dishonesty in the transaction of business as a licensee; or

6 (g) Engaged in any other conduct which would be deemed by
7 the commissioner to be the cause for denial, revocation, suspension,
8 or refusal of the license or license renewal.

9 ~~[(3)]~~ (4) A license of a business licensee may be suspended,
10 revoked, or not renewed if any officer, director, partner, or owner of
11 the licensee has committed any act which would be cause for
12 suspending, revoking or not renewing a license if issued to that
13 person as an individual.

14 ~~[(4)]~~ (5) If the license issued to a residential mortgage lender
15 or residential mortgage broker as a qualified individual licensee is
16 revoked or suspended, the affiliated license issued to the business
17 licensee shall also be revoked or suspended by the commissioner,
18 unless within the time fixed by the commissioner, in the case of a
19 partnership, the connection therewith of the offending qualified
20 individual licensee whose license has been revoked or suspended
21 shall be severed and that individual's interest in the partnership and
22 share in its activities brought to an end, or in the case of an
23 association, corporation, or other legal entity, the offending
24 qualified individual licensee whose license has been revoked or
25 suspended shall be discharged and shall have no further
26 participation in the legal entity's activities. In the case of an
27 offending qualified individual licensee who is an officer or director
28 of the corporation or other legal entity, that individual shall be
29 required to fully divest himself of all stock, bonds or other
30 corporate holdings.

31 b. The commissioner's authority with respect to oversight of
32 licensees, and enforcement of the activities regulated under this act,
33 shall include the following:

34 (1) The commissioner may access and examine books, accounts,
35 records and other documents maintained by a licensee pursuant to
36 section 21 of this act.

37 (2) The commissioner may conduct investigations or
38 examinations, which may include the subpoena of witnesses and
39 documents, pursuant to section 34 of this act.

40 (3) Whenever it appears to the commissioner that any person
41 has engaged, is engaged, or is about to engage in any practice or
42 transaction prohibited by this act, the commissioner may issue, in
43 accordance with the "Administrative Procedure Act," P.L.1968,
44 c.410 (C.52:14B-1 et seq.), a cease and desist order if the
45 commissioner determines it necessary. In addition to any other
46 remedy available, the commissioner may also bring a summary
47 action in a court of competent jurisdiction against a person, and any
48 other person concerned or in any way participating in or about to

1 participate in a practice or transaction in violation of this act, to
2 enjoin the person from continuing the practice or transaction
3 engaged in, or from engaging in the practice or transaction, or doing
4 any act in furtherance towards engaging in the practice or
5 transaction.

6 (4) The commissioner may impose a civil penalty not exceeding
7 \$25,000 on any person for a violation of this act. Each violation of
8 this act, including any order, rule or regulation made or issued
9 pursuant to this act, shall constitute a separate offense.
10 Additionally, each violation of this act which constitutes a knowing
11 violation shall be considered a crime of the third degree.

12 (5) The commissioner may order that any person who has been
13 found to have knowingly violated any provision of this act, or of the
14 rules and regulations issued pursuant hereto, and has thereby caused
15 financial harm to consumers, be barred from acting as a residential
16 mortgage lender, residential mortgage broker, or mortgage loan
17 originator, or a stockholder, an officer, director, partner or other
18 owner, or an employee of a licensee, or acting in any other capacity
19 pursuant to this act. Violations of this final order shall be
20 considered a crime of the third degree.

21 (6) The commissioner may order a person found to be in
22 violation of this act to make restitution to any person aggrieved by
23 the violation.

24 (7) The commissioner may order any other remedial action with
25 respect to a violation of this act as the commissioner deems
26 necessary.

27 c. The commissioner, in order to fulfill the activities
28 encompassed by the commissioner's authority set forth in this
29 section, may:

30 (1) Retain attorneys, accountants, or other professionals or
31 specialists as examiners, auditors, or investigators to conduct, or
32 assist with, any licensing activity, examination, or investigation;

33 (2) Utilize any public or privately available analytical system,
34 method, or software;

35 (3) Utilize any examination or investigative report prepared by
36 any federal banking agency or other federal agency, or any state
37 agency including another department, division, bureau, or office of
38 this State; and

39 (4) Enter into any necessary arrangement with a federal or state
40 agency, the Conference of State Bank Supervisors or its successor
41 organization, or other organization representing any federal or state
42 agency, in order to reduce the commissioner's regulatory burden by
43 sharing resources, including sharing information and materials
44 through the Nationwide Mortgage Licensing System and Registry in
45 accordance with subsection b. of section 12 of this act, and
46 following standardized or uniform methods or procedures.

47 (cf: P.L.2009, c.53, s.20)

1 13. Section 24 of P.L.2009, c.53 (C.17:11C-74) is amended to
2 read as follows:

3 24. a. Notwithstanding the provisions of any other law, a
4 residential mortgage lender, incidental to the origination, processing
5 and closing of any mortgage loan transaction, shall have the right to
6 charge only the following fees: (1) ~~credit report fee; (2) appraisal
7 fee; (3)~~ application fee; (2) origination fee; (3) lock-in fee; (4)
8 commitment fee; (5) warehouse fee; (6) discount points; and (7)
9 fees necessary to reimburse the residential mortgage lender for
10 charges imposed by third parties ~~;~~ and (7) discount points which
11 shall include: (i) an appraisal fee; (ii) a credit report fee; and (iii)
12 such other third party charges as the commissioner may expressly
13 permit to lenders by rule in accordance with a procedure established
14 by rule.

15 b. Notwithstanding the provisions of any other law, a
16 residential mortgage broker, incidental to the brokering of any
17 mortgage loan transaction, shall have the right to charge only the
18 following fees: (1) application fee; ~~and (2) discount points~~ (2)
19 broker fee; and (3) fees necessary to reimburse the residential
20 mortgage broker or lender for charges imposed by third parties,
21 which shall include: (i) an appraisal fee; (ii) a credit report fee; and
22 (iii) such other third party charges as the commissioner may
23 expressly permit to brokers by rule or in accordance with a
24 procedure established by rule.

25 c. For purposes of this section, the following terms shall have
26 the meanings and permitted uses set forth below:

27 (1) “Application fee” means a fee imposed by a lender or a
28 broker for taking or processing a loan application, which fee shall
29 not be based upon a percentage of the principal amount of the loan
30 or the amount financed. An application fee may be charged only
31 once with respect to the same mortgage loan application and, where
32 a loan is brokered, may be charged by a residential mortgage lender
33 or a residential mortgage broker, but not by both.

34 (2) “Appraisal fee” means a fee charged to a borrower by a
35 lender or broker to recover the direct cost of the fee charged by a
36 duly credentialed real estate appraiser for an appraisal in connection
37 with a mortgage loan application. An appraisal fee may be charged
38 to a borrower by a residential mortgage lender or by a residential
39 mortgage broker, but not by both in connection with the same
40 mortgage loan application. A lender or broker may charge a
41 borrower an appraisal fee for a second appraisal provided that
42 requiring a second appraisal is in accordance with duly promulgated
43 rules.

44 (3) “Broker fee” means a fee that may be charged to a borrower
45 only by a broker and that shall be payable only at closing, which fee
46 may be based on a percentage of the principal amount of the loan or
47 a fraction thereof.

1 (4) “Commitment fee” means a fee, exclusive of third-party
2 fees, imposed by a residential mortgage lender as consideration for
3 binding the lender to make a loan in accordance with the terms and
4 conditions of its written commitment and payable on or after the
5 borrower’s acceptance of the commitment. The amount of the
6 commitment fee shall be reasonably related to its purpose and may
7 be based upon a percentage of the principal amount of the loan. A
8 commitment fee may not be charged or collected unless the
9 borrower receives a written commitment from the lender by
10 midnight of the third business day prior to the day upon which the
11 mortgage loan closing occurs and the borrower has accepted such
12 commitment.

13 (5) “Credit report fee” means a fee charged to a borrower by a
14 lender or broker in connection with a mortgage loan application to
15 recover the direct cost of the fee charged by a credit reporting
16 agency for obtaining a credit report. A credit report fee may be
17 charged to a borrower by a residential mortgage lender or by a
18 residential mortgage broker, but not by both in connection with the
19 same mortgage loan application. A lender or broker may charge a
20 borrower a credit report fee for a second credit report provided that
21 requiring a second credit report is in accordance with duly
22 promulgated rules.

23 (6) “Discount point” means a fee charged by a lender based on a
24 percentage of the principal amount of the loan and payable only at
25 the closing of the mortgage loan, which fee operates to reduce the
26 interest rate of the mortgage loan.

27 (7) “Lock-in agreement” means a written agreement between a
28 lender and a borrower whereby the lender guarantees until a
29 specified date or for a specified period of time the availability of a
30 specified rate of interest or specified formula by which the rate of
31 interest will be determined and, if applicable, the specific number of
32 discount points required to obtain such rate or formula, provided the
33 loan is approved and closed by the specified date. No lender may
34 charge a lock-in fee for a lock-in agreement executed after midnight
35 of the third business day prior to the day upon which the mortgage
36 loan closing occurs.

37 (8) “Lock-in fee” means a fee that a lender may charge to a
38 borrower for a lock-in agreement, which fee may be payable at
39 closing, but shall in no event be payable prior to the commencement
40 of the lock-in period.

41 (9) “Origination fee” means a fee that a lender may charge to a
42 borrower for originating a loan and that is based on a percentage of
43 the principal amount of the loan and is payable only at the closing
44 of the mortgage loan. An origination fee may also be referred to as
45 a “point.”

46 (10) “Warehouse fee” means a fee charged by a lender not to
47 exceed the cost associated with holding the particular mortgage loan
48 pending its assignment to a permanent investor, and payable at

1 closing. The fee shall be based on the actual holding period and
2 warehouse rate and the initial coupon rate on the mortgage loan.
3 No profit shall accrue to a lender from collection of a warehouse
4 fee.

5 d. A residential mortgage lender or residential mortgage broker
6 may use a term for a fee that is different from a term enumerated in
7 this section or in duly promulgated rules implementing the
8 provisions of this section, provided that the lender or broker can
9 document to the department that such fee fits the definition and
10 description of a fee permitted by this section or permitted in
11 accordance with duly promulgated rules implementing the
12 provisions of this section, provided that such fee functions
13 accordingly, and provided that the lender or broker has disclosed
14 such fee in writing to the borrower in conformity with applicable
15 State and federal disclosure rules.

16 e. No residential mortgage lender or residential mortgage
17 broker may charge any fee [either] not expressly authorized either
18 by this section or [authorized] by the commissioner by regulation.

19 f. In addition to the rulemaking authority granted the
20 commissioner with respect to subsections a. through e. of this
21 section, the commissioner shall be authorized to promulgate such
22 rules and forms as may reasonably be deemed necessary by the
23 commissioner to provide for the adequate disclosure to borrowers of
24 fees permitted under this section consistent with the provisions of
25 this section and with applicable provisions of federal regulations
26 and forms.

27 (cf: P.L.2009, c.53, s.24)

28

29 14. Section 1 of P.L.1991, c.18 (C.17:46B-30.1) is amended to
30 read as follows:

31 1. Except for a State or federally chartered bank, savings bank,
32 savings and loan association or its subsidiary or any officer or
33 employee of any of the foregoing, no other lending institution,
34 mortgage service, mortgage brokerage or mortgage guaranty
35 company or service company or any person licensed pursuant to
36 **[P.L.1996, c.157 (C.17:11C-1 et seq.)]** the “New Jersey Residential
37 Mortgage Lending Act,” sections 1 through 39 of P.L.2009, c.53
38 (C.17:11C-51 through C.17C:11C-89) shall be licensed as or
39 permitted to act as an insurance producer for a title insurance
40 company. No bank, trust company, bank and trust company, or
41 other lending institution, mortgage service, mortgage brokerage or
42 mortgage guaranty company, or any service company of or for any
43 lending institution shall make the selection of a particular title
44 insurance company or insurance producer a condition precedent to
45 the granting of any mortgage loan.

46 (cf: P.L.2000, c.140, s.1)

1 15. Section 13 of P.L.2005, c.199 (C.17:1C-45) is amended to
2 read as follows:

3 13. a. Notwithstanding any law or regulation to the contrary, a
4 regulated entity paying the amounts assessed to it in statements of
5 the assessment made pursuant to section 3 of this act shall be
6 exempt from all fees or charges imposed by the division pursuant to
7 any other provision of law or regulation, except for:

- 8 (1) charter fees;
- 9 (2) application fees for licenses;
- 10 (3) (Deleted by amendment, P.L.2009, c.53)
- 11 (4) fees for entry by a foreign depository institution whether
12 from another state of the United States or from another country into
13 New Jersey for branch, trust or other activities;
- 14 (5) (Deleted by amendment, P.L.2009, c.326)
- 15 (6) fees charged any entity not chartered, licensed or registered
16 by this State, including but not limited to activities conducted by
17 foreign banks pursuant to section 316 of P.L.1948, c.67 (C.17:9A-
18 316) or foreign associations pursuant to section 214 of P.L.1963,
19 c.144 (C.17:12B-214); **and**
- 20 (7) fees charged qualified corporations authorized pursuant to
21 section 213 of P.L.1948, c.67 (C.17:9A-213) to perform either
22 registrar and transfer agent activities or activities permitted for
23 qualified educational institutions; and
- 24 (8) fees charged any exempt company pursuant to subsection d.
25 of section 4 of P.L.2009, c.53 (C.17:11C-54).

26 b. Nothing in this section shall exempt a regulated entity from
27 paying any fine or penalty imposed by the commissioner for a
28 violation of a statute or regulation.

29 c. Except as provided in paragraph (1) of subsection d. of
30 section 7 of the "New Jersey Home Ownership Security Act of
31 2002," P.L.2003, c.64 (C.46:10B-28), and subsection i. of section 3
32 of the "Governmental Unit Deposit Protection Act," P.L.1970, c.236
33 (C.17:9-43), all fees, charges, fines and penalties as described in
34 subsections a. and b. of this subsection shall be remitted to the State
35 Treasurer for deposit into the General Fund, and those fees,
36 charges, fines and penalties shall not be part of the assessment
37 funding mechanism or considered in the calculation pursuant to
38 section 15 of this act.

39 (cf: P.L.2009, c.326, s.7)

40

41 16. Section 1 of P.L.1979, c.193 (C.17:16H-1) is amended to
42 read as follows:

43 As used in this act:

44 a. "Financial institution" shall mean any bank, savings bank,
45 state association, credit union, **secondary** residential mortgage
46 lender, **small loan company** residential mortgage broker,
47 consumer lender or any other institution, corporation, partnership

1 or individual subject to the supervision, regulation or licensing by
2 the Department of Banking.

3 b. "Commissioner" shall mean the Commissioner of Banking
4 and Insurance of New Jersey.

5 (cf: P.L.1979, c.193, s.1)

6

7 17. (New section) The Commissioner of Banking and Insurance
8 may adopt rules and regulations, in accordance with the
9 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
10 seq.), necessary to effectuate the provisions of this act.

11

12 18. This act shall take effect on the 90th day after the date of
13 enactment, but the commissioner may take such anticipatory
14 administrative action in advance as may be necessary for the
15 implementation of this act.

16

17

18

STATEMENT

19

20 This bill revises the "New Jersey Residential Mortgage Lending
21 Act," sections 1 through 39 of P.L.2009, c.53 (C.17:11C-51 through
22 C.17C:11C-89), which governs the activities of residential
23 mortgage lenders and brokers, protects consumers seeking mortgage
24 loans, and provides the Department of Banking and Insurance with
25 broad authority to oversee the operation of the mortgage lending
26 industry. The bill also amends certain related statutes.

27 The bill adds several new definitions to the act, including:

- 28 • "Approved conditional status" means the status of the
29 license of an individual who has satisfied all conditions for
30 licensure as a mortgage loan originator or qualified
31 individual licensee except a satisfactory demonstration of his
32 or her financial responsibility but who is making a good
33 faith effort to achieve the level of financial responsibility
34 required for such licensure.
- 35 • "Approved inactive status" means the status of the license of
36 an individual applicant who has satisfied all conditions for
37 licensure except sponsorship by a licensed business entity or
38 the status of a licensed individual who is no longer so
39 sponsored.
- 40 • "Exempt company" means a person other than a bona fide
41 not for profit entity that is not subject to licensure as a
42 residential mortgage lender or a residential mortgage broker,
43 that is registered pursuant to the provisions of the bill, and
44 that employs, or will employ one or more licensed mortgage
45 loan originators.
- 46 • "Out-of-State mortgage loan originator" means an individual
47 who maintains a unique identifier through the Nationwide
48 Mortgage Licensing System and Registry and currently

1 holds a valid mortgage loan originator license issued
2 pursuant to the law of any state or other jurisdiction within
3 the United States.

4 • “Transitional mortgage loan originator license” or
5 “transitional license” means a license, issued to an out-of-
6 State mortgage loan originator that provides temporary
7 authority to engage in the business of mortgage loan
8 origination in this State pending the completion by the
9 transitionally licensed individual of the requirements for
10 licensure as a New Jersey mortgage loan originator as set
11 forth in the act as amended by this bill.

12 The bill provides that no person licensed as an insurance
13 producer with title insurance authority shall be licensed to engage in
14 the business of mortgage loan origination.

15 A depository institution, although otherwise exempt from the
16 bill’s requirements, may register with the department to sponsor
17 individuals licensed as mortgage loan originators, under certain
18 conditions. The bill also exempts bona fide not for profit entities
19 from the act’s requirements.

20 The bill provides additional authority to the department with
21 respect to certain aspects of business licensees. The bill requires
22 that a branch office of a business licensee shall be under the
23 supervision of a branch manager.

24 The bill provides that a determination by the National Mortgage
25 Licensing System and Registry that an applicant for a mortgage
26 loan originator license or a qualified individual license has engaged
27 in or attempted to engage in cheating while taking a qualified
28 written test or a continued education course, shall constitute
29 evidence that the applicant lacks the character and fitness necessary
30 to qualify for licensure.

31 The bill revises the types of fees that a residential mortgage
32 lender has the right to charge, so that only the following fees, as
33 defined in the bill, can be charged: (1) application fee; (2)
34 origination fee; (3) lock-in fee; (4) commitment fee; (5) warehouse
35 fee; (6) discount points; and (7) fees necessary to reimburse the
36 lender for charges imposed by third parties. The bill allows a
37 residential mortgage broker to charge a different set of fees,
38 incidental to the brokering of any mortgage loan transaction.

39 Although entities regulated by the Division of Banking in the
40 Department of Banking and Insurance that pay a special purpose
41 assessment to the division are typically exempt from most fees
42 imposed by the division, the bill provides that these entities are not
43 exempt from fees charged any exempt company pursuant to the
44 provisions of the bill.

45 The bill also makes some technical changes.

ASSEMBLY FINANCIAL INSTITUTIONS AND INSURANCE
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2035

STATE OF NEW JERSEY

DATED: FEBRUARY 5, 2018

The Assembly Financial Institutions and Insurance Committee reports favorably Assembly Bill No. 2035.

This bill revises the “New Jersey Residential Mortgage Lending Act,” sections 1 through 39 of P.L.2009, c.53 (C.17:11C-51 through C.17C:11C-89), which governs the activities of residential mortgage lenders and brokers, protects consumers seeking mortgage loans, and provides the Department of Banking and Insurance with broad authority to oversee the operation of the mortgage lending industry. The bill also amends certain related statutes.

The bill adds several new definitions to the act, including:

- “Approved conditional status” means the status of the license of an individual who has satisfied all conditions for licensure as a mortgage loan originator or qualified individual licensee except a satisfactory demonstration of his or her financial responsibility but who is making a good faith effort to achieve the level of financial responsibility required for such licensure.
- “Approved inactive status” means the status of the license of an individual applicant who has satisfied all conditions for licensure except sponsorship by a licensed business entity or the status of a licensed individual who is no longer so sponsored.
- “Exempt company” means a person other than a bona fide not for profit entity that is not subject to licensure as a residential mortgage lender or a residential mortgage broker, that is registered pursuant to the provisions of the bill, and that employs, or will employ one or more licensed mortgage loan originators.
- “Out-of-State mortgage loan originator” means an individual who maintains a unique identifier through the Nationwide Mortgage Licensing System and Registry and currently holds a valid mortgage loan originator license issued pursuant to the law of any state or other jurisdiction within the United States.
- “Transitional mortgage loan originator license” or “transitional license” means a license, issued to an out-of-

State mortgage loan originator that provides temporary authority to engage in the business of mortgage loan origination in this State pending the completion by the transitionally licensed individual of the requirements for licensure as a New Jersey mortgage loan originator as set forth in the act as amended by this bill.

The bill provides that no person licensed as an insurance producer with title insurance authority shall be licensed to engage in the business of mortgage loan origination.

A depository institution, although otherwise exempt from the bill's requirements, may register with the department to sponsor individuals licensed as mortgage loan originators, under certain conditions. The bill also exempts bona fide not for profit entities from the act's requirements.

The bill provides additional authority to the department with respect to certain aspects of business licensees. The bill requires that a branch office of a business licensee shall be under the supervision of a branch manager.

The bill provides that a determination by the National Mortgage Licensing System and Registry that an applicant for a mortgage loan originator license or a qualified individual license has engaged in or attempted to engage in cheating while taking a qualified written test or a continued education course, shall constitute evidence that the applicant lacks the character and fitness necessary to qualify for licensure.

The bill revises the types of fees that a residential mortgage lender has the right to charge, so that only the following fees, as defined in the bill, can be charged: (1) application fee; (2) origination fee; (3) lock-in fee; (4) commitment fee; (5) warehouse fee; (6) discount points; and (7) fees necessary to reimburse the lender for charges imposed by third parties. The bill allows a residential mortgage broker to charge a different set of fees, incidental to the brokering of any mortgage loan transaction.

Although entities regulated by the Division of Banking in the Department of Banking and Insurance that pay a special purpose assessment to the division are typically exempt from most fees imposed by the division, the bill provides that these entities are not exempt from fees charged any exempt company pursuant to the provisions of the bill.

The bill also makes some technical changes to certain statutes amended by this bill.

This bill was pre-filed for introduction in the 2018-2019 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

STATEMENT TO
ASSEMBLY, No. 2035

with Assembly Floor Amendments
(Proposed by Assemblyman MCKEON)

ADOPTED:

These floor amendments revise the definition of “registered mortgage loan originator” to mean an individual who maintains a unique identifier through the Nationwide Mortgage Licensing System and Registry and was validly registered as a mortgage loan originator with a depository institution employer for at least the one-year period prior to applying for a license under the bill.

The amendments also change the definition of “transitional mortgage loan originator license” to include a registered mortgage loan originator. The amendments also change the term of a transitional mortgage loan originator license to be 120 days instead of 90 days.

The amendments also remove the bill’s prohibition on an insurance producer with title insurance authority from being licensed as a business licensee, a qualified individual licensee, or a mortgage loan originator, or engaging in the business of mortgage loan origination.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 2035

STATE OF NEW JERSEY 218th LEGISLATURE

DATED: JUNE 28, 2018

SUMMARY

- Synopsis:** Revises “New Jersey Residential Mortgage Lending Act.”
- Type of Impact:** Potential indeterminate annual increase in State revenues and expenditures. General Fund.
- Agencies Affected:** Department of Banking and Insurance (DOBI)

Office of Legislative Services Estimate

Fiscal Impact	
State Cost	Indeterminate
State Revenue	Indeterminate

- The Office of Legislative Services (OLS) notes that the bill may result in a potential indeterminate annual State revenue increase due to the collection of applicant fees, resulting from transitional mortgage loan originator licenses and fees charged to exempt companies for licenses.
- The bill will result in an indeterminate, likely insignificant, annual increase in State administrative expenditures tied to DOBI’s implementation of the bill’s provisions.

BILL DESCRIPTION

The bill revises the “New Jersey Residential Mortgage Lending Act,” which governs the activities of residential mortgage lenders and brokers, protects consumers seeking mortgage loans, and provides DOBI with broad authority to oversee the operation of the mortgage lending industry. The bill also amends certain related statutes.

The bill adds several new definitions to the act, including:

- “Approved conditional status” means the status of the license of an individual who has satisfied all conditions for licensure as a mortgage loan originator or qualified individual licensee except a satisfactory demonstration of his or her financial

responsibility but who is making a good faith effort to achieve the level of financial responsibility required for such licensure.

- “Exempt company” means a person other than a bona fide not for profit entity that is not subject to licensure as a residential mortgage lender or a residential mortgage broker, that is registered pursuant to the provisions of the bill, and that employs, or will employ one or more licensed mortgage loan originators.
- “Out-of-State mortgage loan originator” means an individual who maintains a unique identifier through the Nationwide Mortgage Licensing System and Registry and currently holds a valid mortgage loan originator license issued pursuant to the law of any state or other jurisdiction within the United States.
- “Transitional mortgage loan originator license” or “transitional license” means a license, issued to an out-of-State mortgage loan originator or registered mortgage loan originator that provides temporary authority to engage in the business of mortgage loan origination in this State pending the completion by the transitionally licensed individual of the requirements for licensure as a New Jersey mortgage loan originator as set forth in the act as amended by this bill.

A depository institution, although otherwise exempt from the bill’s requirements, may register with the department to sponsor individuals licensed as mortgage loan originators, under certain conditions. The bill also exempts bona fide not for profit entities from the act’s requirements.

The bill provides additional authority to the department with respect to certain aspects of business licensees. The bill requires that a branch office of a business licensee shall be under the supervision of a branch manager.

Although entities regulated by the Division of Banking in the Department of Banking and Insurance that pay a special purpose assessment to the division are typically exempt from most fees imposed by the division, the bill provides that these entities are not exempt from fees charged any exempt company pursuant to the provisions of the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS notes that the bill may result in a potential indeterminate annual State revenue increase due to the collection of applicant fees, resulting from transitional mortgage loan originator licenses.

The bill will result in an indeterminate, likely insignificant, annual increase in State administrative expenditures tied to DOBI’s implementation of the bill’s provisions. The OLS notes that the annual increases in State revenues and expenditures may partially, if not fully, offset one another.

The OLS further notes that, due to the bill’s exception for companies otherwise exempt from the special purpose assessment for the Division of Banking in the Department of Banking and Insurance, the bill may also result in a potential, likely insignificant, increase in revenue due to the fees charged to exempt companies who obtain licenses from the commissioner.

Section: Commerce, Labor and Industry

Analyst: Juan C. Rodriguez
Associate Fiscal Analyst

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

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

SENATE, No. 709

STATE OF NEW JERSEY 218th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

Sponsored by:

Senator NELLIE POU

District 35 (Bergen and Passaic)

SYNOPSIS

Revises “New Jersey Residential Mortgage Lending Act.”

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning certain licensed mortgage lending activities and
2 amending various parts of the statutory law.

3

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

6

7 1. Section 3 of P.L.2009, c.53 (C.17:11C-53) is amended to
8 read as follows:

9 3. As used in this act:

10 “Approved conditional status” means the status of the license of
11 an individual who has satisfied all conditions for licensure as a
12 mortgage loan originator or qualified individual licensee except a
13 satisfactory demonstration of his or her financial responsibility but
14 who is making a good faith effort to achieve the level of financial
15 responsibility required for such licensure.

16 “Approved inactive status” means the status of the license of an
17 individual applicant who has satisfied all conditions for licensure
18 except sponsorship by a licensed business entity or the status of a
19 licensed individual who is no longer so sponsored.

20 “Bona fide not for profit entity” means an organization that:

21 a. maintains tax exempt status under section 501(c)(3) of the
22 Internal Revenue Code of 1986, 26 U.S.C. s.501(c)(3);

23 b. promotes low to moderate income housing or provides
24 homeownership education, or similar services;

25 c. conducts its activities in a manner that serves public or
26 charitable purposes;

27 d. receives funding and revenue and charges fees in a manner
28 that does not incentivize the organization or its employees to act
29 other than in the best interests of its clients;

30 e. compensates employees in a manner that does not
31 incentivize employees to act other than in the best interests of its
32 clients;

33 f. provides to or identifies for the borrower residential
34 mortgage loans with terms that are favorable to the borrower and
35 comparable to mortgage loans and housing assistance provided
36 under government housing assistance programs; and

37 g. meets such other standards as may be prescribed by the
38 commissioner through rulemaking.

39 "Borrower" means any individual applying for a loan from a
40 licensee licensed under this act, whether or not the loan is granted,
41 and any individual who has actually obtained a loan.

42 “Branch manager” means an employee of a licensed business
43 entity with management responsibilities over a branch and who is
44 identified as such with the Nationwide Mortgage Licensing System
45 and Registry.

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.

1 "Business licensee" means a corporation, association, joint
2 venture, partnership, limited liability company, limited liability
3 partnership, sole proprietorship, or any other legal entity, however
4 organized, permitted under the laws of this State, that is licensed as
5 a residential mortgage lender or residential mortgage broker, or that
6 should be so licensed.

7 "Clerical or support duties" means and includes: (1) the receipt,
8 collection, distribution, and analysis of information common for the
9 processing or underwriting of a residential mortgage loan; or (2)
10 communicating with a borrower to obtain the information necessary
11 for the processing or underwriting of a residential mortgage loan, to
12 the extent that the communication does not include offering or
13 negotiating loan rates or terms, or counseling borrowers about loan
14 rates or terms. However, the term "clerical or support duties" does
15 not include making representations to the public, through
16 advertising or other means of communicating or providing
17 information, such as through the use of business cards, stationery,
18 brochures, signs, rate lists, or other promotional items, indicating
19 that **[a]** the person assigned to perform clerical or support duties
20 can or will perform any of the activities of a licensee under this act
21 or of a person exempt from licensure pursuant to section 5 of this
22 act.

23 "Closed-end loan" with respect to a secondary mortgage loan
24 means a mortgage loan pursuant to which the business licensee
25 advances a specified amount of money and the borrower agrees to
26 repay the principal and interest in substantially equal installments
27 over a stated period of time, except that: (1) the amount of the final
28 installment payment may be substantially greater than the previous
29 installments if the term of the loan is at least 36 months, or under 36
30 months if the remaining term of the first residential mortgage loan
31 is under 36 months; or (2) the amount of the installment payments
32 may vary as a result of the change in the interest rate as permitted
33 by this act.

34 "Commissioner" means the Commissioner of Banking and
35 Insurance.

36 "Controlling interest" means ownership, control or interest of
37 25% or more of the business licensee or applicant.

38 "Correspondent mortgage lender" means a residential mortgage
39 lender who: (1) in the regular course of business, does not hold any
40 mortgage loans in its portfolio, or service mortgage loans, for more
41 than 90 days; and (2) has shown to the department's satisfaction an
42 ability to fund mortgage loans through warehouse agreements, table
43 funding agreements or otherwise.

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

45 "Depository institution" means "depository institution" as
46 defined in section 3 of the "Federal Deposit Insurance Act,"
47 Pub.L.81-797 (12 U.S.C. s.1813), and also means any credit union.

1 “Exempt company” means a person other than a bona fide not for
2 profit entity that is not subject to licensure as a residential mortgage
3 lender or a residential mortgage broker under P.L.2009, c.53
4 (C.17:11C-51 et seq.) that is registered pursuant to subsection d. of
5 section 4 of P.L.2009, c.53 (C.17:11C-54), and that employs, or will
6 employ one or more licensed mortgage loan originators.

7 “Expungement” means, with respect to a record of criminal
8 conviction entered in this State, an order issued pursuant to N.J.S.
9 2C:52-1 et seq. With respect to criminal convictions entered in
10 another state, that other state’s definition of expungement or the
11 functional equivalent of expungement will apply.

12 "Federal banking agency" means the Board of Governors of the
13 Federal Reserve System, the Comptroller of the Currency, **【**the
14 Director of the Office of Thrift Supervision,**】** the National Credit
15 Union Administration, or the Federal Deposit Insurance
16 Corporation, or any of their successor agencies.

17 "Immediate family member" means a spouse, domestic partner as
18 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), partner in a
19 civil union couple as defined in section 2 of P.L.2006, c.103
20 (C.37:1-29), parent, stepparent, grandparent, sibling, stepsibling,
21 child, stepchild, and grandchild, as related by blood or by law.

22 "Individual" means a natural person.

23 "Individual licensee" means a natural person licensed as a
24 qualified individual licensee for a residential mortgage lender or
25 residential mortgage broker, or a mortgage loan originator.

26 “Insurer” means an entity authorized to transact the business of
27 insurance in this State pursuant to subtitle 3 of Title 17 of the
28 Revised Statutes or subtitle 3 of Title 17B of the New Jersey
29 Statutes.

30 "Licensee" means a legal entity or natural person who is licensed
31 under this act, or who should be so licensed.

32 "Loan processor" or "loan underwriter" means an individual who
33 performs clerical or support duties as an employee, at the direction
34 of and subject to the supervision and instruction of a licensee under
35 this act **【**or a person exempt from licensure**】**.

36 "Mortgage loan originator" means any individual, not exempt
37 under section 5 of this act and licensed pursuant to the provisions of
38 this act, and any individual who should be licensed pursuant to the
39 provisions of this act, who for compensation or gain, or in the
40 expectation of compensation or gain, either directly or indirectly
41 takes a residential mortgage loan application, or offers or negotiates
42 terms of a residential mortgage loan. However, the term "mortgage
43 loan originator" does not mean an individual:

44 **【(1)】** a. who is a qualified individual licensee for a residential
45 mortgage lender or residential mortgage broker;

46 **【(2)】** b. engaged solely as a loan processor or underwriter,
47 except as provided in section 4 of this act; **【or】**

1 **[(3)]** c. engaged solely in extensions of credit relating to
2 timeshare plans, as defined in section 101(53D) of title 11, United
3 States Code (11 U.S.C. s.101(53D)); or

4 d. (1) employed by a federal, state, or local government agency
5 or a housing finance agency and who acts as a mortgage loan
6 originator only pursuant to his or her official duties as an employee
7 of the federal, state, or local government agency, or of a housing
8 finance agency. The agency itself is not considered a mortgage
9 loan originator under the provisions of P.L.2009, c.53 (C.17:11C-51
10 et seq.).

11 (2) For the purposes of subsection d. of this section:

12 (a) “Employee” means an individual whose manner and means
13 of performance of work are subject to the right of control of, or are
14 controlled by, a person and whose compensation for federal income
15 tax purposes is reported or required to be reported on a W-2 form
16 issued by the controlling person;

17 (b) “Housing finance agency” means any organization that is:

18 (i) Chartered by a state to help meet the affordable housing
19 needs of the residents of the state;

20 (ii) Supervised, directly or indirectly, by the state government;

21 (iii) Subject to audit and review by the state in which it operates;

22 and

23 (iv) Whose activities make it eligible to be a member of the
24 National Council of State Housing Agencies.

25 "Nationwide Mortgage Licensing System and Registry" means
26 the mortgage licensing system developed and maintained by the
27 Conference of State Bank Supervisors and the American
28 Association of Residential Mortgage Regulators, or their
29 successors, and utilized for licensing and registering residential
30 mortgage lenders and residential mortgage brokers as business
31 licensees in accordance with this act, and residential mortgage
32 lenders and brokers as qualified individual licensees and mortgage
33 loan originators as required pursuant to the federal "Secure and Fair
34 Enforcement for Mortgage Licensing Act of 2008," title V of
35 Pub.L.110-289 (12 U.S.C. s.5101 et seq.).

36 "Nontraditional mortgage product" means any mortgage product
37 other than a 30-year fixed rate residential mortgage loan.

38 "Open-end loan" means a secondary mortgage loan made by a
39 residential mortgage lender pursuant to a written agreement with the
40 borrower whereby:

41 (1) The lender may permit the borrower to obtain advances of
42 money from the lender from time to time or the lender may advance
43 money on behalf of the borrower from time to time as directed by
44 the borrower;

45 (2) The amount of each advance and permitted interest and
46 charges are debited to the borrower's account and payments and
47 other credits are credited to the same account;

1 (3) Interest is computed on the unpaid principal balance or
2 balances of the account from time to time; and

3 (4) The borrower has the privilege of paying the account in full
4 at any time or, if the account is not in default, in monthly
5 installments of fixed or determinable amounts as provided in the
6 agreement.

7 “Out-of-State mortgage loan originator” means an individual
8 who maintains a unique identifier through the Nationwide Mortgage
9 Licensing System and Registry and currently holds a valid
10 mortgage loan originator license issued pursuant to the law of any
11 state or other jurisdiction within the United States.

12 "Person" means an individual, sole proprietor, association, joint
13 venture, partnership, limited partnership association, limited
14 liability company, corporation, trust, or any other group of
15 individuals however organized.

16 "Primary market" means the market wherein residential
17 mortgage loans are originated between a residential mortgage lender
18 and a borrower, whether or not through a residential mortgage
19 broker or other conduit, and shall not include the sale or acquisition
20 of a residential mortgage loan after the mortgage loan is closed.

21 "Qualified individual licensee" means an individual [licensed as
22 a residential mortgage lender or residential mortgage broker,] who
23 is required to be licensed under this act as a condition for a person
24 to be issued or hold a license as a business licensee, whereby the
25 individual: (1) meets, at a minimum, the licensing criteria
26 applicable to a mortgage loan originator; and (2) is an officer,
27 director, partner, owner, or principal of the business licensee.

28 "Registered mortgage loan originator" means any individual
29 who:

- 30 (1) is a mortgage loan originator and an employee of:
31 (a) a depository institution;
32 (b) a subsidiary that is (i) owned and controlled by a depository
33 institution and (ii) regulated by a federal banking agency; or
34 (c) an institution regulated by the Farm Credit Administration
35 established by section 5.7 of the "Farm Credit Act of 1971,"
36 Pub.L.92-181 (12 U.S.C. s.2241), or its successor; and
37 (2) is registered with, and maintains a unique identifier through,
38 the Nationwide Mortgage Licensing System and Registry.

39 "Residential mortgage broker" means any person, not exempt
40 under section 5 of this act and licensed pursuant to the provisions of
41 this act, and any person who should be licensed pursuant to the
42 provisions of this act, who for compensation or gain, or in the
43 expectation of compensation or gain, either directly or indirectly
44 takes a residential mortgage loan application for others, or
45 negotiates, places or sells for others, or offers to take an application
46 for, negotiate, place or sell, residential mortgage loans in the
47 primary market for others. [The term "residential mortgage broker"

1 also means an individual who is a qualified individual licensee for a
2 residential mortgage broker.】

3 "Residential mortgage lender" means any person, not exempt
4 under section 5 of this act and licensed pursuant to the provisions of
5 this act, and any person who should be licensed pursuant to the
6 provisions of this act, who for compensation or gain, or in the
7 expectation of compensation or gain, either directly or indirectly
8 takes a residential mortgage loan application, or offers, negotiates,
9 originates, or acquires residential mortgage loans in the primary
10 market. The term "residential mortgage lender" also means【: (1)】,
11 with respect to a business licensee, a correspondent mortgage
12 lender, unless the provisions of this act clearly indicate otherwise【;
13 and (2) with respect to an individual licensee, an individual who is a
14 qualified individual licensee for a residential mortgage lender】.

15 "Residential mortgage loan" means any loan primarily for
16 personal, family, or household purposes that is secured by a
17 mortgage, deed of trust, or other equivalent consensual security
18 interest on a dwelling, as defined in section 【103(v) of the Truth in
19 Lending Act, Pub.L.90-321 (15 U.S.C. s.1602(v))】 103(w) of the
20 Truth in Lending Act, Pub.L.90-321 (15 U.S.C. s.1602(w)), or
21 residential real estate upon which is constructed or intended to be
22 constructed a dwelling.

23 "Residential real estate" means any real property located in this
24 State, upon which is constructed or intended to be constructed a
25 dwelling as defined in section 【103(v) of the Truth in Lending Act,
26 Pub.L.90-321 (15 U.S.C. s.1602(v))】 103(w) of the Truth in
27 Lending Act, Pub.L.90-321 (15 U.S.C. s.1602(w)).

28 "Secondary mortgage loan" means a loan made to an individual,
29 association, joint venture, partnership, limited partnership
30 association, limited liability company, trust, or any other group of
31 individuals, however organized, except a corporation, which is
32 secured in whole or in part by a lien upon any interest in real
33 property, including but not limited to shares of stock in a
34 cooperative corporation, created by a security agreement, including
35 a mortgage, indenture, or any other similar instrument or document,
36 which real property is subject to one or more prior mortgage liens
37 and on which there is erected a structure containing a one, two,
38 three, or four family dwelling, as defined in section 【103(v) of the
39 Truth in Lending Act, Pub.L.90-321 (15 U.S.C. s.1602(v))】 103(w)
40 of the Truth in Lending Act, Pub.L.90-321 (15 U.S.C. s.1602(w)), a
41 portion of which structure may be used for nonresidential
42 purposes【, except that the following loans shall not be subject to the
43 provisions of this act: (1) a loan which is to be repaid in 90 days or
44 less; (2) a loan which is taken as security for a home repair contract
45 executed in accordance with the provisions of the "Home Repair
46 Financing Act," P.L.1960, c.41 (C.17:16C-62 et seq.); or (3) a loan
47 which is the result of the private sale of a dwelling, if title to the

1 dwelling is in the name of the seller and the seller has resided in
2 that dwelling for at least one year, if the buyer is purchasing that
3 dwelling for his own residence and, if the buyer, as part of the
4 purchase price, executes a secondary mortgage in favor of the
5 seller】.

6 “Sponsor” means a business licensee that employs a qualified
7 individual licensee, a mortgage loan originator, or an applicant for a
8 transitional mortgage loan originator license.

9 “State” means any state of the United States, the District of
10 Columbia, any territory of the United States, Puerto Rico, Guam,
11 American Samoa, the U.S. Virgin Islands, and the Commonwealth
12 of the Northern Mariana Islands unless the context clearly indicates
13 otherwise.

14 “Transitional mortgage loan originator license” or “transitional
15 license” means a license, issued to an out-of-State mortgage loan
16 originator that provides temporary authority to engage in the
17 business of mortgage loan origination in this State pending the
18 completion by the transitionally licensed individual of the
19 requirements for licensure as a New Jersey mortgage loan originator
20 as set forth in section 7 of P.L.2009, c.53 (C.17:11C-57). A
21 transitional mortgage loan originator license shall be valid for a
22 term of no longer than 90 days.

23 "Unique identifier" means a number or other identifier for a
24 mortgage loan originator or a qualified individual licensee as a
25 residential mortgage lender or residential mortgage broker, assigned
26 by protocols established by the Nationwide Mortgage Licensing
27 System and Registry.

28 (cf: P.L.2009, c.53, s.3)

29

30 2. Section 4 of P.L.2009, c.53 (C.17:11C-54) is amended to
31 read as follows:

32 4. Except as provided under section 5 of this act, beginning no
33 later than July 31, 2010, or a later date approved by the Secretary of
34 the United States Department of Housing and Urban Development
35 pursuant to the provisions of section 1508 of the federal "Secure
36 and Fair Enforcement for Mortgage Licensing Act of 2008,"
37 Pub.L.110-289 (12 U.S.C. s.5107), the licensing requirements under
38 this act shall be as follows:

39 a. For residential mortgage lenders and residential mortgage
40 brokers, as business licensees:

41 (1) No person shall act as a residential mortgage lender or
42 broker without first obtaining a license under this act, except that a
43 person licensed as a residential mortgage lender may act as a
44 broker, if proper disclosure is made. The department shall issue
45 licenses which specify whether a business licensee is licensed as a
46 residential mortgage lender or broker.

47 (2) No person shall be issued or hold a license as a residential
48 mortgage lender or residential mortgage broker unless one officer,

1 director, partner, owner or principal is a qualified individual
2 licensee **【of that same type sought or held】**. The commissioner
3 may, by regulation, require a licensed residential mortgage lender
4 or broker to employ additional qualified individual licensees to
5 properly supervise the business licensee in its branch offices. If a
6 qualified individual licensee allows his license to lapse or for some
7 other reason is no longer affiliated with the business licensee, the
8 business licensee shall notify the commissioner within 10 days, and
9 shall appoint another qualified individual licensee within 90 days or
10 a longer period as permitted by the commissioner.

11 (3) No person licensed as a mortgage banker, correspondent
12 mortgage banker, mortgage broker, or secondary lender under the
13 provisions of the "New Jersey Licensed Lenders Act," sections 1
14 through 49 of P.L.1996, c.157 (C.17:11C-1 et seq.), prior to the
15 effective date of its reform and re-titling as the "New Jersey
16 Consumer Finance Licensing Act" pursuant to P.L.2009, c.53
17 (C.17:11C-51 et al.), shall continue to engage in any activities for
18 which a license was previously issued, and henceforth act as a
19 residential mortgage lender or residential mortgage broker without
20 first obtaining a license under this act.

21 (4) No person licensed as an insurance producer under the
22 provisions of P.L.2001, c.210 (C.17:22A-26 et seq.) with title
23 insurance authority shall be licensed as a business licensee or
24 engage in the business of mortgage loan origination in accordance
25 with section 1 of P.L.1991, c.18 (C.17:46B-30.1).

26 b. For **【residential mortgage lenders and residential mortgage**
27 **brokers, as】** qualified individual licensees:

28 (1) No individual shall act as a qualified individual licensee for
29 a residential mortgage lender or residential mortgage broker without
30 first obtaining a license under this act. A qualified individual
31 licensee **【licensed as a residential mortgage lender or broker】** may
32 act as a mortgage loan originator.

33 (2) No individual licensee for a mortgage banker, correspondent
34 mortgage banker, mortgage broker, or secondary lender under the
35 provisions of the "New Jersey Licensed Lenders Act," sections 1
36 through 49 of P.L.1996, c.157 (C.17:11C-1 et seq.), prior to the
37 effective date of its reform and re-titling as the "New Jersey
38 Consumer Finance Licensing Act" pursuant to P.L.2009, c.53
39 (C.17:11C-51 et al.), shall continue to engage in any activities for
40 which a license was previously issued, and henceforth act as a
41 qualified individual licensee without first obtaining a license under
42 this act.

43 (3) No person licensed as an insurance producer under the
44 provisions of P.L.2001, c.210 (C.17:22A-26 et seq.) with title
45 insurance authority shall be licensed as a qualified individual
46 licensee or engage in the business of mortgage loan origination in
47 accordance with section 1 of P.L.1991, c.18 (C.17:46B-30.1).

1 c. For mortgage loan originators:

2 (1) (a) No individual shall act as a mortgage loan originator
3 without first obtaining a license or transitional license under this
4 act.

5 (b) No individual, except as provided in paragraph (2) of this
6 subsection, shall be issued or hold a license or transitional license
7 as a mortgage loan originator unless employed as an originator by
8 one, and not more than one, business licensee, and is subject to the
9 direct supervision and control of that licensee, employed by an
10 exempt company, or who is under a written agreement with and
11 sponsored in the Nationwide Mortgage Licensing System by one,
12 and not more than one, person exempt from licensing requirements
13 and registered with the department under subsection a. of section 5
14 of P.L.2009, c.53 (C.17:11C-55), and is subject to the direct
15 supervision and control of that exempt person.

16 (2) No individual shall act as a loan processor or underwriter
17 who is an independent contractor **【**shall act as a loan processor or
18 underwriter**】** or employed by an independent contractor without
19 first obtaining a mortgage loan originator license under this act,
20 except as provided in subsection d. of this section.

21 (3) No individual registered as a mortgage solicitor under the
22 provisions of the "New Jersey Licensed Lenders Act," sections 1
23 through 49 of P.L.1996, c.157 (C.17:11C-1 et seq.), prior to the
24 effective date of its reform and re-titling as the "New Jersey
25 Consumer Finance Licensing Act" pursuant to P.L.2009, c.53
26 (C.17:11C-51 et al.), shall continue to engage in any activities for
27 which a registration was previously issued, and henceforth act as a
28 mortgage loan originator without first obtaining a license under this
29 act.

30 (4) No person licensed as an insurance producer under the
31 provisions of P.L.2001, c.210 (C.17:22A-26 et seq.) with title
32 insurance authority shall be licensed as a mortgage loan originator
33 or engage in the business of mortgage loan origination in
34 accordance with section 1 of P.L.1991, c.18 (C.17:46B-30.1).

35 d. For exempt companies:

36 (1) No person shall qualify for registration as an exempt
37 company unless the person is in the business of mortgage loan
38 origination solely by virtue of its performance of loan processing or
39 underwriting functions. The commissioner shall have the authority
40 to adopt rules in accordance with the "Administrative Procedure
41 Act," P.L.1968, c.410 (C.52:14B-1 et seq.) specifying additional
42 criteria on the basis of which a person in the business of mortgage
43 loan origination solely by virtue of its performance of loan
44 processing or underwriting functions may qualify for registration as
45 an exempt company.

46 (2) An exempt company shall register with the commissioner
47 and with the Nationwide Mortgage Licensing System and Registry.

1 An applicant for registration or for renewal of registration as an
2 exempt company shall:

3 (a) Submit a completed application to the commissioner on the
4 form, in the manner, and with the appropriate evidence in support of
5 the application as may be prescribed by the commissioner;

6 (b) Pay to the commissioner at the time of application a
7 nonrefundable application fee not to exceed \$500 as established by
8 the commissioner by regulation;

9 (c) Pay to the Nationwide Mortgage Licensing System and
10 Registry any fees required by that system and registry, or any fees
11 which, by arrangement of the commissioner, are payable to the
12 Nationwide Mortgage Licensing System and Registry on behalf of
13 the commissioner; and

14 (d) Obtain a blanket bond in an amount and form prescribed by
15 the commissioner, but not less than \$25,000. The bond shall be
16 obtained from a surety company authorized by law to do business in
17 this State. The exempt company shall procure the bond to cover its
18 mortgage loan origination related activities. The bond shall run to
19 the State for the benefit of any person injured by the wrongful act,
20 default, fraud or misrepresentation of any person covered by the
21 bond. No bond shall comply with the requirements of this
22 subparagraph unless the bond contains a provision that it shall not
23 be canceled for any cause unless notice of intention to cancel is
24 filed in the department at least 30 days before the day upon which
25 cancellation shall take effect.

26 (3) A registered exempt company shall:

27 (a) Respond in a timely manner to any request of the
28 commissioner for the production of and access to books, records,
29 accounts, documents or other information relative to its operations;

30 (b) Submit to the Nationwide Mortgage Licensing System and
31 Registry a mortgage call report of conditions, in the form and
32 manner, and with such information, at any time as may be required
33 by the nationwide system and registry, and any other report to, or
34 through, the nationwide system and registry pursuant to an
35 arrangement for reporting and sharing information;

36 (c) Provide written notice to the commissioner within 10 days of
37 the occurrence of any event that would cause the exempt company
38 to no longer qualify for registration as such under the terms of this
39 subsection d. and so notify in writing all licensed mortgage loan
40 originators employed or retained by the exempt company; and

41 (d) Employ at least one individual who is licensed as a mortgage
42 loan originator who shall not engage in the origination of mortgage
43 loans under P.L. , c. (pending before the Legislature as this bill)
44 and shall be assigned supervision and instruction duties with respect
45 to individuals employed as loan processors or loan underwriters as
46 defined in section 3 of P.L.2009, c.53 (C.17:11C-53).

47 (cf: P.L.2015, c.14, s.1)

- 1 3. Section 5 of P.L.2009, c.53 (C.17:11C-55) is amended to
2 read as follows:
- 3 5. The requirements of this act shall not apply to:
- 4 a. Depository institutions; but subsidiaries and service
5 corporations of these institutions shall not be exempt. A depository
6 institution may register with the department for the purpose of
7 sponsoring individuals, licensed as mortgage loan originators
8 subject to subparagraph (b) of paragraph (1) of subsection c. of
9 section 4 of P.L.2009, c.53 (C.17:11C-54), provided that such
10 registered entity obtains and maintains bond coverage for mortgage
11 loan originators consistent with section 13 of P.L.2009, c.53
12 (C.17:11C-63). A depository institution registered with the
13 department in accordance with this subsection a. shall otherwise
14 remain exempt from the licensing requirements of P.L.2009, c.53
15 (C.17:11C-51 et seq.).
- 16 b. A registered mortgage loan originator that is registered
17 under the federal "Secure and Fair Enforcement for Mortgage
18 Licensing Act of 2008," title V of Pub.L.110-289 (12 U.S.C. s.5101
19 et seq.).
- 20 c. A licensed attorney who negotiates the terms of a residential
21 mortgage loan on behalf of a client as an ancillary matter to the
22 attorney's representation of the client, unless the attorney is
23 compensated by a residential mortgage lender, residential mortgage
24 broker, or mortgage loan originator.
- 25 d. A person licensed as a real estate broker or salesperson
26 pursuant to R.S.45:15-1 et seq., and not engaged in the business of a
27 residential mortgage lender or residential mortgage broker. Any
28 person holding a license under this act as a residential mortgage
29 lender or broker shall be exempt from the licensing and other
30 requirements of R.S.45:15-1 et seq. in the performance of those
31 functions authorized by this act.
- 32 e. Any employer, other than a residential mortgage lender, who
33 provides residential mortgage loans to his employees as a benefit of
34 employment which are at an interest rate which is not in excess of
35 the usury rate in existence at the time the loan is made, as
36 established in accordance with the law of this State, and on which
37 the borrower has not agreed to pay, directly or indirectly, any
38 charge, cost, expense or any fee whatsoever, other than that interest.
- 39 f. The State of New Jersey or a municipality, or any agency or
40 instrumentality thereof, which, in accordance with a housing
41 element that has received substantive certification from the Council
42 on Affordable Housing pursuant to the "Fair Housing Act,"
43 P.L.1985, c.222 (C.52:27D-301 et al.), or in fulfillment of a
44 regional contribution agreement with a municipality that has
45 received a certification, employs or proposes to employ municipally
46 generated funds, funds obtained through any State or federal
47 subsidy, or funds acquired by the municipality under a regional
48 contribution agreement, to finance the provision of affordable

1 housing by extending loans or advances, the repayment of which is
2 secured by a lien, subordinate to any prior lien, upon the property
3 that is to be rehabilitated.

4 g. Any individual who offers or negotiates terms of a
5 residential mortgage loan:

6 (1) with or on behalf of an immediate family member; or

7 (2) secured by a dwelling that **[served]** serves as the
8 individual's residence.

9 h. Any person who, during a calendar year takes three or fewer
10 residential mortgage loan applications or offers or negotiates the
11 terms of three or fewer residential mortgage loans or makes three or
12 fewer residential mortgage loans related to manufactured housing
13 structures which are:

14 (1) titled by the New Jersey Motor Vehicle Commission;

15 (2) located in a mobile home park as defined in subsection e. of
16 section 3 of P.L.1983, c.400 (C.54:4-1.4); and

17 (3) exempt from taxation as real property pursuant to subsection
18 b. of section 4 of P.L.1983, c.400 (C.54:4-1.5).

19 i. A bona fide not for profit entity and any individuals directly
20 employed by that entity, so long as the entity maintains its tax
21 exempt status under Section 501(c)(3) of the Internal Revenue Code
22 of 1986 and otherwise meets the definition of "bona fide not for
23 profit entity" in section 3 of P.L.2009, c.53 (C.17:11C-53), as
24 periodically determined by the department in accordance with rules
25 established by the commissioner.

26 (cf: P.L.2015, c.14, s.2)

27
28 4. Section 6 of P.L.2009, c.53 (C.17:11C-56) is amended to
29 read as follows:

30 6. Beginning no later than July 31, 2010, or a later date
31 approved by the Secretary of the United States Department of
32 Housing and Urban Development pursuant to the provisions of
33 section 1508 of the federal "Secure and Fair Enforcement for
34 Mortgage Licensing Act of 2008," Pub.L.110-289 (12 U.S.C.
35 s.5107), the commissioner shall begin issuing licenses for business
36 licensees as residential mortgage lenders or residential mortgage
37 brokers under this act if the following conditions are met:

38 a. A completed application for a new license or for a renewal
39 of a license, submitted to the commissioner on the form, in the
40 manner, and with appropriate evidence in support of the application,
41 as required by this act and as may be prescribed by the
42 commissioner.

43 b. The submission to the commissioner of the name, address,
44 fingerprints and written consent for a criminal history record
45 background check to be performed on any officer, director, partner
46 or owner of a controlling interest of the person seeking licensure.
47 The commissioner is authorized to exchange fingerprint data with
48 and receive criminal history record information from the State

1 Bureau of Identification in the Division of State Police and the
2 Federal Bureau of Investigation consistent with applicable State and
3 federal laws, rules and regulations, for the purposes of facilitating
4 determinations concerning licensure eligibility for the person, based
5 upon any findings related to an officer, director, partner or owner.
6 The applicant shall bear the cost for the criminal history record
7 background check, including all costs of administering and
8 processing the check. The Division of State Police shall promptly
9 notify the commissioner in the event an officer, director, partner or
10 owner of the person, who was the subject of a criminal history
11 record background check pursuant to this section, is arrested for a
12 crime or offense in this State after the date the background check
13 was performed, whether the person is a prospective new licensee, or
14 subsequently, a current license holder.

15 c. A finding by the commissioner that the financial
16 responsibility, experience, character, and general fitness of the
17 person seeking licensure demonstrates that as a business licensee,
18 the person will operate honestly, fairly, and efficiently within the
19 purposes of this act. The commissioner may require any officer,
20 director, partner, owner, or principal of an entity seeking licensure
21 as a business licensee to authorize the Nationwide Mortgage
22 Licensing System and Registry to obtain a credit report on such
23 individual and at their cost.

24 d. A demonstration of an affiliated qualified individual licensee
25 for the applicant, as required by paragraph (2) of subsection a. of
26 section 4 of this act.

27 e. A demonstration of coverage by a surety bond as required by
28 section 13 of this act.

29 f. A demonstration of the tangible net worth requirements as
30 required by section 14 of this act.

31 g. The payment of any required fees under this act, as
32 established by the commissioner by regulation and payable to the
33 commissioner or, by arrangement of the commissioner, to the
34 Nationwide Mortgage Licensing System and Registry on behalf of
35 the commissioner, or as set forth by the nationwide system and
36 registry and payable to that nationwide system and registry.

37 h. A person whose application is deemed abandoned shall be
38 required to submit a new application in order to obtain licensure as
39 a business licensee. The commissioner may adopt rules addressing
40 notices of abandonment and the subsequent submission of new
41 applications.

42 (cf: P.L.2009, c.53, s.6)

43
44 5. Section 7 of P.L.2009 c.53 (C.17:11C-57) is amended to
45 read as follows:

46 7. Beginning no later than July 31, 2010, or a later date
47 approved by the Secretary of the United States Department of
48 Housing and Urban Development pursuant to the provisions of

1 section 1508 of the federal "Secure and Fair Enforcement for
2 Mortgage Licensing Act of 2008," Pub.L.110-289 (12 U.S.C.
3 s.5107), the commissioner shall begin issuing licenses for
4 individual licensees under this act, utilizing the Nationwide
5 Mortgage Licensing System and Registry, or other entity designated
6 by that nationwide system and registry, as required or permitted by
7 the federal "Secure and Fair Enforcement for Mortgage Licensing
8 Act of 2008" and as otherwise deemed appropriate by the
9 commissioner to carry out the provisions of this act, if the following
10 conditions are met:

11 a. For mortgage loan originators and transitional mortgage loan
12 originators:

13 (1) A completed application for a new license or for a renewal
14 of a license, submitted to the commissioner on the form, in the
15 manner, and with appropriate evidence in support of the application,
16 as required by this act and as may be prescribed by the
17 commissioner.

18 (2) A background check in connection with an application,
19 based upon information provided to and received from the Division
20 of State Police, and provided to and received from or through the
21 Nationwide Mortgage Licensing System and Registry, which does
22 not contain any disqualifying information as set forth in this
23 paragraph. The background check shall include a State criminal
24 history record background check based upon an exchange of
25 fingerprint data with the State Bureau of Identification in the
26 Division of State Police, for which the division shall promptly
27 notify the commissioner if the subject of the original criminal
28 history record background check is arrested for a crime or offense
29 in this State after the date the background check was performed,
30 and a check of both criminal and non-criminal information as
31 requested from and distributed to the Federal Bureau of
32 Investigation and any other governmental agency through the
33 Nationwide Mortgage Licensing System and Registry as follows:

34 (a) fingerprints, for submission to the Federal Bureau of
35 Investigation and any other governmental agency authorized to
36 receive this information for a state, federal, and international
37 criminal history record background check, to determine whether the
38 individual has been convicted of, or pled guilty or nolo contendere
39 to, a felony in a domestic court, which in this State includes any
40 crime of the fourth degree or higher punishable by a term of
41 imprisonment of more than one year, or in a foreign or military
42 court:

43 (i) during the seven-year period preceding the filing of the
44 application, except that a conviction under this sub-subparagraph
45 which is pardoned or expunged shall not be considered
46 disqualifying information; or

47 (ii) at any time preceding the filing of the application, if the
48 felony involved an act of fraud, dishonesty, a breach of trust, or

1 money laundering, except that a conviction under this sub-
2 subparagraph which is pardoned or expunged shall not be
3 considered disqualifying information; and

4 (b) personal history and experience, collected in a form
5 prescribed by the Nationwide Mortgage Licensing System and
6 Registry, and with the permission of the applicant, in order for that
7 nationwide system and registry and the commissioner to obtain:

8 (i) an independent credit report from a consumer reporting
9 agency described in section 603(p) of the Fair Credit Reporting Act,
10 Pub.L.91-508 (15 U.S.C. s.1681a(p)), for use in making a
11 determination of character and fitness pursuant to paragraph (3) of
12 this subsection; and

13 (ii) information related to any administrative, civil or criminal
14 findings by any governmental jurisdiction, to determine whether the
15 individual had a mortgage loan originator license revoked in any
16 governmental jurisdiction, except that a subsequent, formal vacation
17 of a revocation shall not be considered disqualifying information.

18 (3) A determination of character and fitness, based upon the
19 information related to personal history and experience obtained
20 pursuant to subparagraph (b) of paragraph (2) of this subsection and
21 other available sources, whereby the applicant has demonstrated
22 financial responsibility, character, and general fitness as to
23 command the confidence of the community and to warrant a
24 determination that as a mortgage loan originator the applicant will
25 operate honestly, fairly, and efficiently within the purposes of this
26 act. For the purposes of this paragraph, a determination by the
27 National Mortgage Licensing System and Registry that the
28 applicant cheated or attempted to cheat on an examination required
29 for licensure or for continued licensure under P.L.2009, c.53
30 (C.17:11C-51 et seq.) shall be evidence that the applicant lacks the
31 requisite character and fitness for licensure. For purposes of this
32 paragraph, an applicant has demonstrated not to be financially
33 responsible if the applicant has shown a disregard in the
34 management of the applicant's own financial condition, which may
35 include, but is not limited to:

36 (a) current outstanding judgments, except judgments solely as a
37 result of medical expenses;

38 (b) current outstanding tax liens or other government liens and
39 filings;

40 (c) foreclosures during the three-year period preceding the filing
41 of the application; or

42 (d) a pattern of seriously delinquent accounts during the three-
43 year period preceding the filing of the application.

44 (4) A demonstration of employment by one, and not more than
45 one, business licensee as required by paragraph (1) of subsection c.
46 of section 4 of this act.

47 (5) The completion of any pre-licensing education requirements
48 as set forth in section 9 of this act.

1 (6) The successful passage of a qualified written test based upon
2 the testing requirements as set forth in section 10 of this act.

3 (7) The completion of any continuing education requirements, if
4 applicable, as set forth in section 11 of this act.

5 (8) A registration with the Nationwide Mortgage Licensing
6 System and Registry as required by section 12 of this act.

7 (9) A demonstration of coverage by a surety bond as required by
8 section 13 of this act.

9 (10) The payment of any required fees under this act, as
10 established by the commissioner by regulation and payable to the
11 commissioner or, by arrangement of the commissioner, to the
12 Nationwide Mortgage Licensing System and Registry on behalf of
13 the commissioner, or as set forth by the nationwide system and
14 registry and payable to that nationwide system and registry.

15 b. For **residential mortgage lenders and residential mortgage**
16 **brokers, as** qualified individual licensees:

17 (1) A completed application for a new license or for a renewal
18 of a license as a qualified licensed individual for a residential
19 mortgage lender or broker, submitted to the commissioner on the
20 form, in the manner, and with appropriate evidence in support of the
21 application, whereby the applicant follows the licensing procedure
22 and meets the licensing criteria applicable to a mortgage loan
23 originator, as set forth in subsection a. of this section, except that
24 the applicant shall not request or be issued a separate license as a
25 mortgage loan originator under that subsection.

26 (2) A determination with respect to any stricter or additional
27 licensing requirements that the commissioner may, by regulation,
28 establish.

29 (3) The payment of any required fees under this act, as
30 established by the commissioner by regulation and payable to the
31 commissioner or, by arrangement of the commissioner, to the
32 Nationwide Mortgage Licensing System and Registry on behalf of
33 the commissioner, or as set forth by the nationwide system and
34 registry and payable to that nationwide system and registry.

35 c. For individuals, the following provisions shall also apply:

36 (1) An applicant for a mortgage loan originator license who has
37 met all the requirements for licensure except the demonstration of
38 employment referenced in paragraph (4) of subsection a. of this
39 section shall be considered to be in approved inactive status and
40 designated as such in the Nationwide Mortgage Licensing System
41 and Registry and may remain in that status for as long as the
42 applicant renews the approved inactive status annually and meets
43 the continuing education requirements as required by section 11 of
44 P.L.2009, c.53 (C.17:11C-61).

45 (2) An applicant for licensure as an individual licensee who has
46 unresolved credit issues but who demonstrates to the satisfaction of
47 the commissioner a good faith effort to achieve the level of
48 financial responsibility required by paragraph (3) of subsection a. of

1 section 7 of P.L.2009, c.53 (C.17:11C-57) may be deemed in
2 approved conditional status and be designated as such in the
3 Nationwide Mortgage Licensing System and Registry. The
4 applicant may remain in approved conditional status so long as the
5 applicant continues to demonstrate substantial progress toward the
6 achievement of financial responsibility, renews the applicant's
7 mortgage loan originator license or qualified individual license
8 annually, and meets the continuing education requirements
9 established by section 11 of P.L.2009, c.53 (C.17:11C-61). Upon
10 demonstration to the satisfaction of the commissioner that the
11 applicant has achieved financial responsibility, and predicated on
12 the applicant continuing to fulfill all other applicable requirements
13 for such status, the license status of the individual shall be revised
14 to approved. While the applicant's license is in approved
15 conditional status, an individual may engage in activity as a
16 mortgage loan originator or a qualified individual licensee in
17 accordance with the provisions of P.L.2009, c.53 (C.17:11C-1 et
18 seq.) and all applicable rules.

19 (3) For applicants as individual licensees, an offense that was
20 the subject of an order granting the individual admission to the New
21 Jersey Pre-trial Intervention Program pursuant to the provisions of
22 N.J.S.2C:43-12 through 22, and such offense having been dismissed
23 with prejudice in accordance with subsection d. of N.J.S.2C:43-13,
24 or the applicant having been admitted to a functionally equivalent
25 program of another state or of the United States whereby an offense
26 was dismissed or a felony conviction was avoided or eliminated
27 from the record upon the applicant having successfully completed
28 the program as established by the submission of confirming
29 documentation, shall not be considered disqualifying information
30 for purposes of subsection a. of this section.

31 (4) The commissioner may deem abandoned an application for
32 licensure as a mortgage loan originator, transitional mortgage loan
33 originator, or a qualified individual licensee if the application fails
34 to meet all of the requirements of a complete application within 90
35 days of the date on which the application was initially submitted. A
36 person whose application is deemed abandoned shall be required to
37 submit a new application in order to pursue licensure as a mortgage
38 loan originator, transitional mortgage loan originator, or a qualified
39 individual licensee. The commissioner may adopt rules addressing
40 notices of abandonment and the subsequent submission of new
41 applications.

42 (cf: P.L.2009, c.53, s.7)

43
44 6. Section 8 of P.L.2009, c.53 (C.17:11C-58) is amended to
45 read as follows:

46 8. a. An applicant for a new license or for a renewal of a
47 license to be a residential mortgage lender or residential mortgage
48 broker, as a business licensee:

1 (1) Shall pay to the commissioner at the time of the application
2 a nonrefundable application fee, as established by the commissioner
3 through regulation, not to exceed \$2,800. The nonrefundable
4 application fee is required for each residential mortgage lender or
5 broker license issued, including for each branch office license of a
6 business licensee.

7 (2) Shall additionally pay to the Nationwide Mortgage
8 Licensing System and Registry any required fees as set forth by that
9 nationwide system and registry, or any commissioner's fees, which
10 by arrangement of the commissioner, are payable to the nationwide
11 system and registry on behalf of the commissioner.

12 b. An applicant for a new license or for a renewal of a license
13 **【to be a residential mortgage lender or residential mortgage**
14 **broker,】** as a qualified individual licensee:

15 (1) Shall pay to the commissioner at the time of the application
16 a nonrefundable application fee, as established by the commissioner
17 through regulation, not to exceed \$500.

18 (2) Shall additionally pay to the Nationwide Mortgage
19 Licensing System and Registry any required fees as set forth by that
20 nationwide system and registry, or any commissioner's fees, which
21 by arrangement of the commissioner, are payable to the nationwide
22 system and registry on behalf of the commissioner.

23 c. An applicant for a new license or for a renewal of a license
24 to be a mortgage loan originator or transitional mortgage loan
25 originator:

26 (1) Shall pay to the commissioner at the time of the application
27 a nonrefundable application fee, as established by the commissioner
28 through regulation, not to exceed \$500. A mortgage loan
29 originator, **【other than a loan processor or underwriter who is an**
30 **independent contractor and subject to licensure pursuant to**
31 **paragraph (1) of subsection c. of section 4 of this act,】** who changes
32 the employment affiliation on his license**【, which affiliation is**
33 **required as a condition of licensure pursuant to paragraph (1) of**
34 **subsection c. of section 4 of this act,】** to a different business
35 licensee, shall be required to submit any documentation required by
36 regulation and **【pay another nonrefundable application fee】** comply
37 with all requirements applicable to such changes of employment as
38 prescribed by rule.

39 (2) Shall additionally pay to the Nationwide Mortgage
40 Licensing System and Registry any required fees as set forth by that
41 nationwide system and registry, or any commissioner's fees, which
42 by arrangement of the commissioner, are payable to the nationwide
43 system and registry on behalf of the commissioner.

44 (cf: P.L.2009, c.53, s.8)

45

46 7. Section 10 of P.L.2009, c.53 (C.17:11C-60) is amended to
47 read as follows:

1 10. a. (1) An applicant for a new license as a mortgage loan
2 originator or a qualified individual licensee shall pass, as a pre-
3 licensing requirement, a qualified written test, developed by the
4 Nationwide Mortgage Licensing System and Registry, and
5 administered by a test provider approved by the nationwide system
6 and registry, based upon reasonable standards established by that
7 nationwide system and registry. Pursuant to the reasonable
8 standards established by the nationwide system and registry, a
9 qualified written test may be administered at any location, including
10 the location of the employer or affiliated business licensee of the
11 applicant, or any subsidiary or affiliate of the applicant's employer
12 or affiliated business licensee, or any entity with which the
13 applicant holds an exclusive arrangement to engage in the business
14 of a residential mortgage lender, residential mortgage broker, or
15 mortgage loan originator.

16 (2) In addition to an applicant for a new license, an applicant for
17 a license reinstatement after failing to maintain a valid license for a
18 period of five years or longer shall be required to pass a qualified
19 written test as set forth in this section as a requirement for the
20 license reinstatement.

21 b. The qualified written test shall adequately measure the
22 applicant's knowledge and comprehension in appropriate subject
23 areas, which shall include at a minimum, but not be limited to:

24 (1) federal and State statutes and regulations pertaining to
25 mortgage origination;

26 (2) other federal and State statutes and regulations, including
27 those pertaining to fraud, consumer protection, fair lending issues,
28 and the nontraditional mortgage marketplace; and

29 (3) ethics.

30 c. An applicant shall only be considered to have passed the
31 qualified written test if the applicant achieves a test score of not less
32 than 75 percent correct answers to the test questions.

33 d. An applicant may take the qualified written test up to three
34 consecutive times in order to successfully pass and qualify for
35 licensure. The applicant shall not take a subsequent, consecutive
36 test until at least 30 calendar days next following the applicant's
37 preceding test date. If the applicant fails to pass the qualified
38 written test after three consecutive attempts, the applicant shall not
39 be permitted to retake the test for a period of at least six months
40 from the applicant's last preceding test date.

41 e. A determination by the National Mortgage Licensing System
42 and Registry that an applicant has engaged in or attempted to
43 engage in cheating while taking a qualified written test shall
44 constitute evidence that the applicant lacks the character and fitness
45 necessary to qualify for licensure pursuant to section 7 of P.L.2009,
46 c.53 (C.17:11C-57) and may be grounds for action on an existing
47 license pursuant to section 20 of P.L.2009, c.53 (C.17:11C-70).

48 (cf: P.L.2009, c.53, s.10)

1 8. Section 11 of P.L.2009, c.53 (C.17:11C-61) is amended to
2 read as follows:

3 11. a. An applicant for a renewal of a license as a mortgage loan
4 originator or a qualified individual licensee, shall complete, as a
5 requirement for the license renewal, at least 12 hours of education
6 from one or more continuing educational courses provided by a
7 continuing educational course provider, reviewed and approved by
8 the Nationwide Mortgage Licensing System and Registry, based
9 upon reasonable standards established by that nationwide system
10 and registry.

11 (1) Pursuant to the reasonable standards established by the
12 nationwide system and registry, an approved continuing educational
13 course provider may include the employer or affiliated business
14 licensee of the individual licensee, or an entity which is affiliated
15 with the individual licensee by an agency contract, or any
16 subsidiary or affiliate of the individual licensee's employer,
17 affiliated business licensee, or affiliated entity.

18 (2) Pursuant to the reasonable standards established by the
19 nationwide system and registry, an approved continuing educational
20 course may be offered at any location and by any means, including
21 live classroom instruction, prepared group or individual
22 coursework, or the Internet.

23 b. The approved continuing educational course shall include at
24 a minimum, but not be limited to:

25 (1) 3 hours of instruction on federal statutes and regulations;

26 (2) 2 hours of instruction on ethics, including instruction on
27 fraud, consumer protection, and fair **licensing** lending issues;
28 **and**

29 (3) 2 hours of training related to lending standards for the
30 nontraditional mortgage product marketplace; and

31 (4) 2 hours of instruction related to New Jersey laws and
32 regulations on residential mortgage lending.

33 c. (1) Except as set forth by the commissioner in regulations
34 consistent with this act and the provisions of the federal "Secure
35 and Fair Enforcement for Mortgage Licensing Act of 2008," title V
36 of Pub.L.110-289 (12 U.S.C. s.5101 et seq.), a licensed mortgage
37 loan originator, or a licensed residential mortgage lender or
38 residential mortgage broker as a qualified individual licensee, may
39 only receive credit for an approved continuing educational course:

40 (a) in the calendar year in which the licensee takes the course;
41 and

42 (b) that is not the same approved course already taken in that
43 calendar year or the immediately preceding calendar year.

44 (2) A licensed mortgage loan originator**], residential mortgage**
45 **lender or broker] or qualified individual licensee**, who is an
46 approved instructor of an approved continuing educational course,
47 may receive credit towards the individual licensee's own continuing
48 educational requirements set forth in this section at the rate of two

1 hours of credit for every one hour of the approved continuing
2 educational course taught.

3 (3) If a licensed mortgage loan originator¹, residential mortgage
4 lender or broker² or qualified individual licensee subsequently
5 becomes unlicensed, the individual licensee shall complete the
6 continuing educational requirements set forth in this section for the
7 last calendar year in which the individual was licensed as a
8 requirement for a license reinstatement.

9 d. Any continuing educational requirements of another state,
10 reviewed and approved by the Nationwide Mortgage Licensing
11 System and Registry, and completed by an applicant for a license
12 renewal in that state pursuant to the provisions of the federal
13 "Secure and Fair Enforcement for Mortgage Licensing Act of
14 2008," title V of Pub.L.110-289 (12 U.S.C. s.5101 et seq.), shall be
15 accepted by the commissioner from an applicant as credit towards
16 completion of the reviewed and approved continuing educational
17 requirements of this section for a license renewal in this State.

18 e. A determination by the National Mortgage Licensing System
19 and Registry that an applicant has engaged in or attempted to
20 engage in cheating while taking a continuing education course shall
21 constitute evidence that the applicant lacks the character and fitness
22 necessary for licensure pursuant to section 7 of P.L.2009, c.53
23 (C.17:11C-57) and may be grounds for action on an existing license
24 pursuant to section 20 of P.L.2009, c.53 (C.17:11C-70).
25 (cf: P.L.2009, c.53, s.11)

26
27 9. Section 12 of P.L.2009, c.53 (C.17:11C-62) is amended to
28 read as follows:

29 12. a. An applicant for an initial license or for a renewal of a
30 license as a mortgage loan originator, transitional mortgage loan
31 originator, or a qualified individual licensee shall, as a licensing
32 requirement, be registered and assigned a unique identifier through
33 the Nationwide Mortgage Licensing System and Registry.

34 b. (1) In order to ensure compliance by an applicant with this
35 registration requirement, the commissioner shall utilize, as required
36 or permitted by the "Secure and Fair Enforcement for Mortgage
37 Licensing Act of 2008," title V of Pub.L.110-289 (12 U.S.C. s.5101
38 et seq.) and as otherwise deemed appropriate by the commissioner,
39 the Nationwide Mortgage Licensing System and Registry.

40 (2) The commissioner is authorized, through regulation, to
41 coordinate the registration of an applicant through the nationwide
42 system and registry with the State licensing of the applicant under
43 this act, on any matters deemed necessary by the commissioner for
44 participation in that nationwide system and registry, including but
45 not limited to:

46 (a) background checks, including a criminal history record
47 background check, a check of administrative and civil records, and
48 a credit history check as set forth in section 7 of this act, and

1 concerning any other information deemed necessary by the
2 nationwide system and registry;

3 (b) setting or resetting of license renewal dates, and
4 requirements for amending or surrendering a license;

5 (c) reporting requirements as set forth pursuant to section 35 of
6 this act; and

7 (d) payment of any required fees, as established by the
8 commissioner and payable to the commissioner or to the nationwide
9 system and registry on behalf of the commissioner, and as set forth
10 by the nationwide system and registry and payable to that
11 nationwide system and registry.

12 (3) The commissioner shall, in order to participate in the
13 nationwide system and registry, regularly report violations of this
14 act by an applicant or licensee, as well as information concerning
15 enforcement actions on those violations, along with any other
16 relevant information, to the nationwide system and registry, in a
17 manner and frequency established by that nationwide system and
18 registry.

19 (4) The commissioner shall, in order to participate in the
20 nationwide system and registry, establish by regulation a process by
21 which an applicant or current licensee may request access to the
22 applicant's or licensee's information or material provided to,
23 received from, or collected by the nationwide system and registry,
24 and a process by which that applicant or licensee may correct,
25 amend or delete information or material disputed as incorrect or
26 incomplete.

27 (5) Except as provided under section 1512 of the federal "Secure
28 and Fair Enforcement for Mortgage Licensing Act of 2008,"
29 Pub.L.110-289 (12 U.S.C. s.5111), any requirement under federal
30 or State law, including P.L.1963, c.73 (C.47:1A-1 et seq.),
31 regarding the privacy or confidentiality of any information or
32 material provided to, received from, or collected by the nationwide
33 system and registry, and any privilege arising under federal or State
34 law, including any rules of court, with respect to the information or
35 material, shall continue to apply after the information or material
36 has been provided to, received from, or collected by the nationwide
37 system and registry. The privacy, confidentiality, or privilege shall
38 also continue to apply with respect to the sharing of the information
39 or material, pursuant to procedures set forth by the nationwide
40 system and registry, with any federal banking agency or other
41 federal agency with mortgage industry oversight authority, or any
42 state agency with mortgage industry oversight authority. This
43 paragraph shall not apply to any information or material relating to
44 the employment history of, and publicly adjudicated disciplinary or
45 enforcement actions against, an applicant or licensee that is
46 included in the nationwide system and registry for access by the
47 public, based upon reasonable standards established by the
48 nationwide system and registry.

1 (a) In order to ensure the application of privacy, confidentiality,
2 and privilege protections to information and material as set forth in
3 this paragraph, the commissioner may enter into any necessary
4 arrangement with the nationwide system and registry, other federal
5 or state agency, the Conference of State Bank Supervisors or its
6 successor organization, or other organization representing a federal
7 or state agency, regarding information and material the
8 commissioner shares, and information and materials shared with the
9 commissioner.

10 (b) The information and material subject to privacy,
11 confidentiality, or privilege protections as set forth in this
12 paragraph, notwithstanding any provisions of P.L.1963, c.73
13 (C.47:1A-1 et seq.) or any other State law concerning open records
14 to the contrary, shall not be subject to:

15 (i) disclosure under any federal or State law governing the
16 disclosure to the public of information or material held by an officer
17 or agency of the federal government or any state; or

18 (ii) subpoena or discovery, or admission into evidence, in any
19 private civil action or administrative process, except with respect to
20 any privacy, confidentiality, or privilege held by the nationwide
21 system and registry connected to an applicant's or licensee's
22 information or material that the applicant or licensee gives
23 permission to waive, in whole or in part.

24 (cf: P.L.2009, c.53, s.12)

25
26 10. Section 15 of P.L.2009, c.53 (C.17:11C-65) is amended to
27 read as follows:

28 15. a. A residential mortgage lender or residential mortgage
29 broker that is a business licensee may maintain a branch office or
30 offices. The business licensee shall obtain a license for each branch
31 office in this State and each branch office outside this State from
32 which the licensee has direct contact with New Jersey consumers
33 regarding origination or brokering.

34 b. The commissioner shall issue a branch office license for a
35 residential mortgage lender or broker if:

36 (1) The business licensee has submitted a completed branch
37 office application form, which includes any information required by
38 the commissioner concerning the branch office, and an application
39 fee pursuant to section 8 of this act;

40 (2) The application for the branch office demonstrates that the
41 office is in a suitable location; and

42 (3) The application contains a certification that the office is
43 covered by the business licensee's surety bond, required of that
44 licensee pursuant to section 13 of this act.

45 c. Each branch office shall be under the supervision of a
46 branch manager. A branch manager shall supervise only one branch
47 office at any given time except as may be permitted by the
48 commissioner in accordance with applicable rules. In order to act

1 in the capacity as a branch manager, an individual shall either
2 possess a mortgage loan originator license or, if unlicensed, the
3 qualified individual licensee of the business licensee shall certify
4 that when acting in the capacity of a branch manager the unlicensed
5 individual shall not engage in any activity that would require
6 licensure as a mortgage loan originator.

7 (cf: P.L.2009, c.53, s.15)

8

9 11. Section 17 of P.L.2009, c.53 (C.17:11C-67) is amended to
10 read as follows:

11 17. a. (1) The license for a residential mortgage lender or
12 residential mortgage broker, **[including]** and the license of a
13 qualified individual licensee, shall state the name of the business
14 licensee and the licensee's place or places of business, as applicable,
15 and shall contain any other information as the commissioner may
16 require pursuant to regulation. A license shall not be issued in a
17 name containing any words including "insured," "bonded,"
18 "guaranteed," "secured" and the like. Notwithstanding the
19 provisions of section 18 of P.L.1948, c.67 (C.17:9A-18) or any
20 other law to the contrary, a licensed residential mortgage lender or
21 broker may use the terms "mortgage lender" or "mortgage broker,"
22 respectively, as part of the licensee's name; a licensed residential
23 mortgage lender may also use the term "mortgage banker."

24 (2) The license of the business licensee shall be posted
25 conspicuously in the place or places of business of that licensee,
26 and the license of any qualified individual licensee shall be
27 maintained by that business licensee and available for public
28 inspection at the business licensee's place or places of business.

29 (3) A licensee or any other person shall not photocopy or
30 otherwise reproduce the license except for legitimate business
31 purposes or as required or permitted by the commissioner by
32 regulation.

33 (4) Licenses issued to a business licensee pursuant to this act
34 shall not be transferable or assignable, other than as provided by
35 section 19 of this act.

36 (5) No business licensee shall change **[the]** its name or the
37 address of the business licensee's place or places of business
38 without notice to the commissioner in accordance with regulations
39 as prescribed by the commissioner.

40 b. (1) The license for a mortgage loan originator shall state the
41 name of the originator's **[employing business licensee]** licensed or
42 registered employer and **[the licensee's place or places of business,**
43 as applicable, and] shall contain **[any]** such other information as
44 the commissioner **[may see fit to require]** deems necessary.

45 (2) The license shall be maintained by the licensee and available
46 for public inspection at the licensee's place or places of business.

1 (3) A licensee or any other person shall not photocopy or
2 otherwise reproduce the license except for legitimate business
3 purposes or as required or permitted by the commissioner by
4 regulation.

5 (4) No licensee shall change the name or address of the
6 licensee's place or places of business without notice to the
7 commissioner, in accordance with regulations as prescribed by the
8 commissioner.

9 (cf: P.L.2009, c.53, s.17)

10

11 12. Section 20 of P.L.2009, c.53 (C.17:11C-70) is amended to
12 read as follows:

13 20. a. The commissioner's authority with respect to issuing
14 licenses shall include the following:

15 (1) The commissioner may access, receive and use any
16 information or material required of an applicant or licensee
17 pursuant to sections 6 through 15 of this act, or any other
18 information or material deemed relevant, to determine whether to
19 issue or renew a license, or revoke, suspend, or refuse to renew a
20 license.

21 (2) The commissioner may refuse to issue a license if an
22 applicant fails to meet the requirements for licensure set forth in
23 sections 6 through 15 of P.L.2009, c.53 (C.17:11C-56 through
24 17:11C-65), as applicable.

25 **[(2)] (3)** The commissioner **[may refuse to issue, and]** may
26 revoke, suspend, or refuse to renew, a residential mortgage lender
27 or residential mortgage broker license, including the license of a
28 qualified individual licensee or a branch office license, or a
29 mortgage loan originator license, or transitional mortgage loan
30 originator license, or impose a penalty pursuant to this act, if the
31 commissioner finds, after notice and an opportunity for a hearing in
32 accordance with the "Administrative Procedure Act," P.L.1968,
33 c.410 (C.52:14B-1 et seq.) and any rules adopted thereunder, that
34 any person**[, applicant for]** or holder of the license has:

35 (a) Violated any of the provisions of this act or any order, rule
36 or regulation made or issued pursuant to this act;

37 (b) Failed at any time to meet the requirements for licensure set
38 forth in sections 6 through 15 of this act, as applicable, or withheld
39 information or made a material misstatement in the application for
40 the license;

41 (c) Been convicted of an offense involving breach of trust,
42 moral turpitude or fraudulent or dishonest dealing, including but not
43 limited to the disqualifying criminal activities stated in paragraph
44 (2) of subsection a. of section 7 of this act, if applicable, or had a
45 final judgment entered against the person in a civil or administrative
46 action upon grounds of fraud, misrepresentation, deceit, or failure to
47 maintain books, accounts, records and other documents as required
48 by section 21 of this act;

- 1 (d) Failed to comply with any reporting requirements set forth
2 pursuant to section 35 of this act;
- 3 (e) Become insolvent;
- 4 (f) Demonstrated unworthiness, incompetence, bad faith or
5 dishonesty in the transaction of business as a licensee; or
- 6 (g) Engaged in any other conduct which would be deemed by
7 the commissioner to be the cause for denial, revocation, suspension,
8 or refusal of the license or license renewal.
- 9 ~~[(3)]~~ (4) A license of a business licensee may be suspended,
10 revoked, or not renewed if any officer, director, partner, or owner of
11 the licensee has committed any act which would be cause for
12 suspending, revoking or not renewing a license if issued to that
13 person as an individual.
- 14 ~~[(4)]~~ (5) If the license issued to a residential mortgage lender
15 or residential mortgage broker as a qualified individual licensee is
16 revoked or suspended, the affiliated license issued to the business
17 licensee shall also be revoked or suspended by the commissioner,
18 unless within the time fixed by the commissioner, in the case of a
19 partnership, the connection therewith of the offending qualified
20 individual licensee whose license has been revoked or suspended
21 shall be severed and that individual's interest in the partnership and
22 share in its activities brought to an end, or in the case of an
23 association, corporation, or other legal entity, the offending
24 qualified individual licensee whose license has been revoked or
25 suspended shall be discharged and shall have no further
26 participation in the legal entity's activities. In the case of an
27 offending qualified individual licensee who is an officer or director
28 of the corporation or other legal entity, that individual shall be
29 required to fully divest himself of all stock, bonds or other
30 corporate holdings.
- 31 b. The commissioner's authority with respect to oversight of
32 licensees, and enforcement of the activities regulated under this act,
33 shall include the following:
- 34 (1) The commissioner may access and examine books, accounts,
35 records and other documents maintained by a licensee pursuant to
36 section 21 of this act.
- 37 (2) The commissioner may conduct investigations or
38 examinations, which may include the subpoena of witnesses and
39 documents, pursuant to section 34 of this act.
- 40 (3) Whenever it appears to the commissioner that any person
41 has engaged, is engaged, or is about to engage in any practice or
42 transaction prohibited by this act, the commissioner may issue, in
43 accordance with the "Administrative Procedure Act," P.L.1968,
44 c.410 (C.52:14B-1 et seq.), a cease and desist order if the
45 commissioner determines it necessary. In addition to any other
46 remedy available, the commissioner may also bring a summary
47 action in a court of competent jurisdiction against a person, and any
48 other person concerned or in any way participating in or about to

1 participate in a practice or transaction in violation of this act, to
2 enjoin the person from continuing the practice or transaction
3 engaged in, or from engaging in the practice or transaction, or doing
4 any act in furtherance towards engaging in the practice or
5 transaction.

6 (4) The commissioner may impose a civil penalty not exceeding
7 \$25,000 on any person for a violation of this act. Each violation of
8 this act, including any order, rule or regulation made or issued
9 pursuant to this act, shall constitute a separate offense.
10 Additionally, each violation of this act which constitutes a knowing
11 violation shall be considered a crime of the third degree.

12 (5) The commissioner may order that any person who has been
13 found to have knowingly violated any provision of this act, or of the
14 rules and regulations issued pursuant hereto, and has thereby caused
15 financial harm to consumers, be barred from acting as a residential
16 mortgage lender, residential mortgage broker, or mortgage loan
17 originator, or a stockholder, an officer, director, partner or other
18 owner, or an employee of a licensee, or acting in any other capacity
19 pursuant to this act. Violations of this final order shall be
20 considered a crime of the third degree.

21 (6) The commissioner may order a person found to be in
22 violation of this act to make restitution to any person aggrieved by
23 the violation.

24 (7) The commissioner may order any other remedial action with
25 respect to a violation of this act as the commissioner deems
26 necessary.

27 c. The commissioner, in order to fulfill the activities
28 encompassed by the commissioner's authority set forth in this
29 section, may:

30 (1) Retain attorneys, accountants, or other professionals or
31 specialists as examiners, auditors, or investigators to conduct, or
32 assist with, any licensing activity, examination, or investigation;

33 (2) Utilize any public or privately available analytical system,
34 method, or software;

35 (3) Utilize any examination or investigative report prepared by
36 any federal banking agency or other federal agency, or any state
37 agency including another department, division, bureau, or office of
38 this State; and

39 (4) Enter into any necessary arrangement with a federal or state
40 agency, the Conference of State Bank Supervisors or its successor
41 organization, or other organization representing any federal or state
42 agency, in order to reduce the commissioner's regulatory burden by
43 sharing resources, including sharing information and materials
44 through the Nationwide Mortgage Licensing System and Registry in
45 accordance with subsection b. of section 12 of this act, and
46 following standardized or uniform methods or procedures.

47 (cf: P.L.2009, c.53, s.20)

1 13. Section 24 of P.L.2009, c.53 (C.17:11C-74) is amended to
2 read as follows:

3 24. a. Notwithstanding the provisions of any other law, a
4 residential mortgage lender, incidental to the origination, processing
5 and closing of any mortgage loan transaction, shall have the right to
6 charge only the following fees: (1) ~~credit report fee;~~ (2) appraisal
7 fee; (3) ~~application fee;~~ (2) origination fee; (3) lock-in fee; (4)
8 commitment fee; (5) warehouse fee; (6) discount points; and (7)
9 fees necessary to reimburse the residential mortgage lender for
10 charges imposed by third parties ~~;~~ and (7) discount points ~~which~~
11 shall include: (i) an appraisal fee; (ii) a credit report fee; and (iii)
12 such other third party charges as the commissioner may expressly
13 permit to lenders by rule in accordance with a procedure established
14 by rule.

15 b. Notwithstanding the provisions of any other law, a
16 residential mortgage broker, incidental to the brokering of any
17 mortgage loan transaction, shall have the right to charge only the
18 following fees: (1) application fee; ~~and (2) discount points~~ (2)
19 broker fee; and (3) fees necessary to reimburse the residential
20 mortgage broker or lender for charges imposed by third parties,
21 which shall include: (i) an appraisal fee; (ii) a credit report fee; and
22 (iii) such other third party charges as the commissioner may
23 expressly permit to brokers by rule or in accordance with a
24 procedure established by rule.

25 c. For purposes of this section, the following terms shall have
26 the meanings and permitted uses set forth below:

27 (1) “Application fee” means a fee imposed by a lender or a
28 broker for taking or processing a loan application, which fee shall
29 not be based upon a percentage of the principal amount of the loan
30 or the amount financed. An application fee may be charged only
31 once with respect to the same mortgage loan application and, where
32 a loan is brokered, may be charged by a residential mortgage lender
33 or a residential mortgage broker, but not by both.

34 (2) “Appraisal fee” means a fee charged to a borrower by a
35 lender or broker to recover the direct cost of the fee charged by a
36 duly credentialed real estate appraiser for an appraisal in connection
37 with a mortgage loan application. An appraisal fee may be charged
38 to a borrower by a residential mortgage lender or by a residential
39 mortgage broker, but not by both in connection with the same
40 mortgage loan application. A lender or broker may charge a
41 borrower an appraisal fee for a second appraisal provided that
42 requiring a second appraisal is in accordance with duly promulgated
43 rules.

44 (3) “Broker fee” means a fee that may be charged to a borrower
45 only by a broker and that shall be payable only at closing, which fee
46 may be based on a percentage of the principal amount of the loan or
47 a fraction thereof.

1 (4) “Commitment fee” means a fee, exclusive of third-party
2 fees, imposed by a residential mortgage lender as consideration for
3 binding the lender to make a loan in accordance with the terms and
4 conditions of its written commitment and payable on or after the
5 borrower’s acceptance of the commitment. The amount of the
6 commitment fee shall be reasonably related to its purpose and may
7 be based upon a percentage of the principal amount of the loan. A
8 commitment fee may not be charged or collected unless the
9 borrower receives a written commitment from the lender by
10 midnight of the third business day prior to the day upon which the
11 mortgage loan closing occurs and the borrower has accepted such
12 commitment.

13 (5) “Credit report fee” means a fee charged to a borrower by a
14 lender or broker in connection with a mortgage loan application to
15 recover the direct cost of the fee charged by a credit reporting
16 agency for obtaining a credit report. A credit report fee may be
17 charged to a borrower by a residential mortgage lender or by a
18 residential mortgage broker, but not by both in connection with the
19 same mortgage loan application. A lender or broker may charge a
20 borrower a credit report fee for a second credit report provided that
21 requiring a second credit report is in accordance with duly
22 promulgated rules.

23 (6) “Discount point” means a fee charged by a lender based on a
24 percentage of the principal amount of the loan and payable only at
25 the closing of the mortgage loan, which fee operates to reduce the
26 interest rate of the mortgage loan.

27 (7) “Lock-in agreement” means a written agreement between a
28 lender and a borrower whereby the lender guarantees until a
29 specified date or for a specified period of time the availability of a
30 specified rate of interest or specified formula by which the rate of
31 interest will be determined and, if applicable, the specific number of
32 discount points required to obtain such rate or formula, provided the
33 loan is approved and closed by the specified date. No lender may
34 charge a lock-in fee for a lock-in agreement executed after midnight
35 of the third business day prior to the day upon which the mortgage
36 loan closing occurs.

37 (8) “Lock-in fee” means a fee that a lender may charge to a
38 borrower for a lock-in agreement, which fee may be payable at
39 closing, but shall in no event be payable prior to the commencement
40 of the lock-in period.

41 (9) “Origination fee” means a fee that a lender may charge to a
42 borrower for originating a loan and that is based on a percentage of
43 the principal amount of the loan and is payable only at the closing
44 of the mortgage loan. An origination fee may also be referred to as
45 a “point.”

46 (10) “Warehouse fee” means a fee charged by a lender not to
47 exceed the cost associated with holding the particular mortgage loan
48 pending its assignment to a permanent investor, and payable at

1 closing. The fee shall be based on the actual holding period and
2 warehouse rate and the initial coupon rate on the mortgage loan.
3 No profit shall accrue to a lender from collection of a warehouse
4 fee.

5 d. A residential mortgage lender or residential mortgage broker
6 may use a term for a fee that is different from a term enumerated in
7 this section or in duly promulgated rules implementing the
8 provisions of this section, provided that the lender or broker can
9 document to the department that such fee fits the definition and
10 description of a fee permitted by this section or permitted in
11 accordance with duly promulgated rules implementing the
12 provisions of this section, provided that such fee functions
13 accordingly, and provided that the lender or broker has disclosed
14 such fee in writing to the borrower in conformity with applicable
15 State and federal disclosure rules.

16 e. No residential mortgage lender or residential mortgage
17 broker may charge any fee [either] not expressly authorized either
18 by this section or [authorized] by the commissioner by regulation.

19 f. In addition to the rulemaking authority granted the
20 commissioner with respect to subsections a. through e. of this
21 section, the commissioner shall be authorized to promulgate such
22 rules and forms as may reasonably be deemed necessary by the
23 commissioner to provide for the adequate disclosure to borrowers of
24 fees permitted under this section consistent with the provisions of
25 this section and with applicable provisions of federal regulations
26 and forms.

27 (cf: P.L.2009, c.53, s.24)

28

29 14. Section 1 of P.L.1991, c.18 (C.17:46B-30.1) is amended to
30 read as follows:

31 1. Except for a State or federally chartered bank, savings bank,
32 savings and loan association or its subsidiary or any officer or
33 employee of any of the foregoing, no other lending institution,
34 mortgage service, mortgage brokerage or mortgage guaranty
35 company or service company or any person licensed pursuant to
36 **[P.L.1996, c.157 (C.17:11C-1 et seq.)]** the “New Jersey Residential
37 Mortgage Lending Act,” sections 1 through 39 of P.L.2009, c.53
38 (C.17:11C-51 through C.17C:11C-89) shall be licensed as or
39 permitted to act as an insurance producer for a title insurance
40 company. No bank, trust company, bank and trust company, or
41 other lending institution, mortgage service, mortgage brokerage or
42 mortgage guaranty company, or any service company of or for any
43 lending institution shall make the selection of a particular title
44 insurance company or insurance producer a condition precedent to
45 the granting of any mortgage loan.

46 (cf: P.L.2000, c.140, s.1)

1 15. Section 13 of P.L.2005, c.199 (C.17:1C-45) is amended to
2 read as follows:

3 13. a. Notwithstanding any law or regulation to the contrary, a
4 regulated entity paying the amounts assessed to it in statements of
5 the assessment made pursuant to section 3 of this act shall be
6 exempt from all fees or charges imposed by the division pursuant to
7 any other provision of law or regulation, except for:

8 (1) charter fees;

9 (2) application fees for licenses;

10 (3) (Deleted by amendment, P.L.2009, c.53)

11 (4) fees for entry by a foreign depository institution whether
12 from another state of the United States or from another country into
13 New Jersey for branch, trust or other activities;

14 (5) (Deleted by amendment, P.L.2009, c.326)

15 (6) fees charged any entity not chartered, licensed or registered
16 by this State, including but not limited to activities conducted by
17 foreign banks pursuant to section 316 of P.L.1948, c.67 (C.17:9A-
18 316) or foreign associations pursuant to section 214 of P.L.1963,
19 c.144 (C.17:12B-214); **and**

20 (7) fees charged qualified corporations authorized pursuant to
21 section 213 of P.L.1948, c.67 (C.17:9A-213) to perform either
22 registrar and transfer agent activities or activities permitted for
23 qualified educational institutions; and

24 (8) fees charged any exempt company pursuant to subsection d.
25 of section 4 of P.L.2009, c.53 (C.17:11C-54).

26 b. Nothing in this section shall exempt a regulated entity from
27 paying any fine or penalty imposed by the commissioner for a
28 violation of a statute or regulation.

29 c. Except as provided in paragraph (1) of subsection d. of
30 section 7 of the "New Jersey Home Ownership Security Act of
31 2002," P.L.2003, c.64 (C.46:10B-28), and subsection i. of section 3
32 of the "Governmental Unit Deposit Protection Act," P.L.1970, c.236
33 (C.17:9-43), all fees, charges, fines and penalties as described in
34 subsections a. and b. of this subsection shall be remitted to the State
35 Treasurer for deposit into the General Fund, and those fees,
36 charges, fines and penalties shall not be part of the assessment
37 funding mechanism or considered in the calculation pursuant to
38 section 15 of this act.

39 (cf: P.L. 2009, c.326, s.7)

40

41 16. Section 1 of P.L.1979, c.193 (C.17:16H-1) is amended to
42 read as follows:

43 As used in this act:

44 a. "Financial institution" shall mean any bank, savings bank,
45 state association, credit union, **secondary** residential mortgage
46 lender, **small loan company** residential mortgage broker,
47 consumer lender or any other institution, corporation, partnership

1 or individual subject to the supervision, regulation or licensing by
2 the Department of Banking.

3 b. "Commissioner" shall mean the Commissioner of Banking
4 and Insurance of New Jersey.

5 (cf: P.L.1979, c.193, s.1)

6

7 17. (New section) The Commissioner of Banking and Insurance
8 may adopt rules and regulations, in accordance with the
9 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
10 seq.), necessary to effectuate the provisions of this act.

11

12 18. This act shall take effect on the 90th day after the date of
13 enactment, but the commissioner may take such anticipatory
14 administrative action in advance as may be necessary for the
15 implementation of this act.

16

17

18

STATEMENT

19

20 This bill revises the "New Jersey Residential Mortgage Lending
21 Act," sections 1 through 39 of P.L.2009, c.53 (C.17:11C-51 through
22 C.17C:11C-89), which governs the activities of residential
23 mortgage lenders and brokers, protects consumers seeking mortgage
24 loans, and provides the Department of Banking and Insurance with
25 broad authority to oversee the operation of the mortgage lending
26 industry. The bill also amends certain related statutes.

27 The bill adds several new definitions to the act, including:

28 • "Approved conditional status" means the status of the
29 license of an individual who has satisfied all conditions for
30 licensure as a mortgage loan originator or qualified
31 individual licensee except a satisfactory demonstration of his
32 or her financial responsibility but who is making a good
33 faith effort to achieve the level of financial responsibility
34 required for such licensure.

35 • "Approved inactive status" means the status of the license of
36 an individual applicant who has satisfied all conditions for
37 licensure except sponsorship by a licensed business entity or
38 the status of a licensed individual who is no longer so
39 sponsored.

40 • "Exempt company" means a person other than a bona fide
41 not for profit entity that is not subject to licensure as a
42 residential mortgage lender or a residential mortgage broker,
43 that is registered pursuant to the provisions of the bill, and
44 that employs, or will employ one or more licensed mortgage
45 loan originators.

46 • "Out-of-State mortgage loan originator" means an individual
47 who maintains a unique identifier through the Nationwide
48 Mortgage Licensing System and Registry and currently

1 holds a valid mortgage loan originator license issued
2 pursuant to the law of any state or other jurisdiction within
3 the United States.

4 • “Transitional mortgage loan originator license” or
5 “transitional license” means a license, issued to an out-of-
6 State mortgage loan originator that provides temporary
7 authority to engage in the business of mortgage loan
8 origination in this State pending the completion by the
9 transitionally licensed individual of the requirements for
10 licensure as a New Jersey mortgage loan originator as set
11 forth in the act as amended by this bill.

12 The bill provides that no person licensed as an insurance
13 producer with title insurance authority shall be licensed to engage in
14 the business of mortgage loan origination.

15 A depository institution, although otherwise exempt from the
16 bill’s requirements, may register with the department to sponsor
17 individuals licensed as mortgage loan originators, under certain
18 conditions. The bill also exempts bona fide not for profit entities
19 from the act’s requirements.

20 The bill provides additional authority to the department with
21 respect to certain aspects of business licensees. The bill requires
22 that a branch office of a business licensee shall be under the
23 supervision of a branch manager.

24 The bill provides that a determination by the National Mortgage
25 Licensing System and Registry that an applicant for a mortgage
26 loan originator license or a qualified individual license has engaged
27 in or attempted to engage in cheating while taking a qualified
28 written test or a continued education course, shall constitute
29 evidence that the applicant lacks the character and fitness necessary
30 to qualify for licensure.

31 The bill revises the types of fees that a residential mortgage
32 lender has the right to charge, so that only the following fees, as
33 defined in the bill, can be charged: (1) application fee; (2)
34 origination fee; (3) lock-in fee; (4) commitment fee; (5) warehouse
35 fee; (6) discount points; and (7) fees necessary to reimburse the
36 lender for charges imposed by third parties. The bill allows a
37 residential mortgage broker to charge a different set of fees,
38 incidental to the brokering of any mortgage loan transaction.

39 Although entities regulated by the Division of Banking in the
40 Department of Banking and Insurance that pay a special purpose
41 assessment to the division are typically exempt from most fees
42 imposed by the division, the bill provides that these entities are not
43 exempt from fees charged any exempt company pursuant to the
44 provisions of the bill.

45 The bill also makes some technical changes.

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 709

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 18, 2018

The Senate Commerce Committee reports favorably and with committee amendments Senate Bill No. 709.

This amended bill revises the “New Jersey Residential Mortgage Lending Act,” sections 1 through 39 of P.L.2009, c.53 (C.17:11C-51 through C.17C:11C-89), which governs the activities of residential mortgage lenders and brokers, protects consumers seeking mortgage loans, and provides the Department of Banking and Insurance with broad authority to oversee the operation of the mortgage lending industry. The bill also amends certain related statutes.

The bill adds several new definitions to the act, including:

- “Approved conditional status” means the status of the license of an individual who has satisfied all conditions for licensure as a mortgage loan originator or qualified individual licensee except a satisfactory demonstration of his or her financial responsibility but who is making a good faith effort to achieve the level of financial responsibility required for such licensure.
- “Approved inactive status” means the status of the license of an individual applicant who has satisfied all conditions for licensure except sponsorship by a licensed business entity or the status of a licensed individual who is no longer so sponsored.
- “Exempt company” means a person other than a bona fide not for profit entity that is not subject to licensure as a residential mortgage lender or a residential mortgage broker, that is registered pursuant to the provisions of the bill, and that employs, or will employ one or more licensed mortgage loan originators.
- “Out-of-State mortgage loan originator” means an individual who maintains a unique identifier through the Nationwide Mortgage Licensing System and Registry and currently holds a valid mortgage loan originator license issued pursuant to the law of any state or other jurisdiction within the United States.

- “Transitional mortgage loan originator license” or “transitional license” means a license, issued to an out-of-State mortgage loan originator that provides temporary authority to engage in the business of mortgage loan origination in this State for a term of 120 days pending the completion by the transitionally licensed individual of the requirements for licensure as a New Jersey mortgage loan originator as set forth in the act as amended by this bill.

The bill revises the definition of “registered mortgage loan originator” to mean an individual who maintains a unique identifier through the Nationwide Mortgage Licensing System and Registry and was validly registered as a mortgage loan originator with a depository institution employer for at least the one-year period prior to applying for a license under the bill.

A depository institution, although otherwise exempt from the bill’s requirements, may register with the department to sponsor individuals licensed as mortgage loan originators, under certain conditions. The bill also exempts bona fide not for profit entities from the act’s requirements.

The bill provides additional authority to the department with respect to certain aspects of business licensees. The bill requires that a branch office of a business licensee shall be under the supervision of a branch manager.

The bill provides that a determination by the National Mortgage Licensing System and Registry that an applicant for a mortgage loan originator license or a qualified individual license has engaged in or attempted to engage in cheating while taking a qualified written test or a continued education course, shall constitute evidence that the applicant lacks the character and fitness necessary to qualify for licensure.

The bill revises the types of fees that a residential mortgage lender has the right to charge, so that only the following fees, as defined in the bill, can be charged: (1) application fee; (2) origination fee; (3) lock-in fee; (4) commitment fee; (5) warehouse fee; (6) discount points; and (7) fees necessary to reimburse the lender for charges imposed by third parties. The bill allows a residential mortgage broker to charge a different set of fees, incidental to the brokering of any mortgage loan transaction.

Although entities regulated by the Division of Banking in the Department of Banking and Insurance that pay a special purpose assessment to the division are typically exempt from most fees imposed by the division, the bill provides that these entities are not exempt from fees charged any exempt company pursuant to the provisions of the bill.

The bill also makes some technical changes.

This bill was pre-filed for introduction in the 2018-2019 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

Committee amendments:

The committee amendments:

- revise the definition of “registered mortgage loan originator” to mean an individual who maintains a unique identifier through the Nationwide Mortgage Licensing System and Registry and was validly registered as a mortgage loan originator with a depository institution employer for at least the one-year period prior to applying for a license under the bill;
- change the term of a transitional mortgage loan originator license to be 120 days instead of 90 days; and
- remove the bill’s prohibition on an insurance producer with title insurance authority from being licensed as a business licensee, a qualified individual licensee, or a mortgage loan originator, or engaging in the business of mortgage loan origination.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 709

STATE OF NEW JERSEY

DATED: JUNE 18, 2018

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 709 (1R).

This bill revises the “New Jersey Residential Mortgage Lending Act,” sections 1 through 39 of P.L.2009, c.53 (C.17:11C-51 through C.17C:11C-89), which governs the activities of residential mortgage lenders and brokers, protects consumers seeking mortgage loans, and provides the Department of Banking and Insurance with broad authority to oversee the operation of the mortgage lending industry. The bill also amends certain related statutes.

The bill adds several new definitions to the act, including:

- “Approved conditional status” means the status of the license of an individual who has satisfied all conditions for licensure as a mortgage loan originator or qualified individual licensee except a satisfactory demonstration of his or her financial responsibility but who is making a good faith effort to achieve the level of financial responsibility required for such licensure.
- “Approved inactive status” means the status of the license of an individual applicant who has satisfied all conditions for licensure except sponsorship by a licensed business entity or the status of a licensed individual who is no longer so sponsored.
- “Exempt company” means a person other than a bona fide not for profit entity that is not subject to licensure as a residential mortgage lender or a residential mortgage broker, that is registered pursuant to the provisions of the bill, and that employs, or will employ one or more licensed mortgage loan originators.
- “Out-of-State mortgage loan originator” means an individual who maintains a unique identifier through the Nationwide Mortgage Licensing System and Registry and currently holds a valid mortgage loan originator license issued pursuant to the law of any state or other jurisdiction within the United States.
- “Transitional mortgage loan originator license” or “transitional license” means a license, issued to an out-of-

State mortgage loan originator that provides temporary authority to engage in the business of mortgage loan origination in this State for a term of 120 days pending the completion by the transitionally licensed individual of the requirements for licensure as a New Jersey mortgage loan originator as set forth in the act as amended by this bill.

The bill revises the definition of “registered mortgage loan originator” to mean an individual who maintains a unique identifier through the Nationwide Mortgage Licensing System and Registry and was validly registered as a mortgage loan originator with a depository institution employer for at least the one-year period prior to applying for a license under the bill.

A depository institution, although otherwise exempt from the bill’s requirements, may register with the department to sponsor individuals licensed as mortgage loan originators, under certain conditions. The bill also exempts bona fide not for profit entities from the act’s requirements.

The bill provides additional authority to the department with respect to certain aspects of business licensees. The bill requires that a branch office of a business licensee shall be under the supervision of a branch manager.

The bill provides that a determination by the National Mortgage Licensing System and Registry that an applicant for a mortgage loan originator license or a qualified individual license has engaged in or attempted to engage in cheating while taking a qualified written test or a continued education course, shall constitute evidence that the applicant lacks the character and fitness necessary to qualify for licensure.

The bill revises the types of fees that a residential mortgage lender has the right to charge, so that only the following fees, as defined in the bill, can be charged: (1) application fee; (2) origination fee; (3) lock-in fee; (4) commitment fee; (5) warehouse fee; (6) discount points; and (7) fees necessary to reimburse the lender for charges imposed by third parties. The bill allows a residential mortgage broker to charge a different set of fees, incidental to the brokering of any mortgage loan transaction.

Although entities regulated by the Division of Banking in the Department of Banking and Insurance that pay a special purpose assessment to the division are typically exempt from most fees imposed by the division, the bill provides that these entities are not exempt from fees charged any exempt company pursuant to the provisions of the bill.

FISCAL IMPACT:

The Office of Legislative Services (OLS) notes that the bill may result in a potential indeterminate annual State revenue increase due to

the collection of applicant fees, resulting from transitional mortgage loan originator licenses.

The bill will result in an indeterminate, likely insignificant, annual increase in State administrative expenditures tied to DOBI's implementation of the bill's provisions.

The OLS points out that, due to the bill's exception for companies otherwise exempt from the special purpose assessment for the Division of Banking in the Department of Banking and Insurance, the bill may also result in a potential, likely insignificant, increase in revenue due to the assessment on exempt entities who obtain a license from the commissioner.

STATEMENT TO

[First Reprint]

SENATE, No. 709

with Senate Floor Amendments
(Proposed by Senator POU)

ADOPTED: JUNE 21, 2018

These Senate amendments change the definition of “transitional mortgage loan originator license” to include a registered mortgage loan originator.

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE, No. 709

STATE OF NEW JERSEY 218th LEGISLATURE

DATED: JUNE 26, 2018

SUMMARY

- Synopsis:** Revises “New Jersey Residential Mortgage Lending Act.”
- Type of Impact:** Potential indeterminate annual increase in State revenues and expenditures. General Fund.
- Agencies Affected:** Department of Banking and Insurance (DOBI)

Office of Legislative Services Estimate

Fiscal Impact	
State Cost	Indeterminate
State Revenue	Indeterminate

- The Office of Legislative Services (OLS) notes that the bill may result in a potential indeterminate annual State revenue increase due to the collection of applicant fees, resulting from transitional mortgage loan originator licenses and fees charged to exempt companies for licenses.
- The bill will result in an indeterminate, likely insignificant, annual increase in State administrative expenditures tied to DOBI’s implementation of the bill’s provisions.

BILL DESCRIPTION

The bill revises the “New Jersey Residential Mortgage Lending Act,” which governs the activities of residential mortgage lenders and brokers, protects consumers seeking mortgage loans, and provides DOBI with broad authority to oversee the operation of the mortgage lending industry. The bill also amends certain related statutes.

The bill adds several new definitions to the act, including:

- “Approved conditional status” means the status of the license of an individual who has satisfied all conditions for licensure as a mortgage loan originator or qualified individual licensee except a satisfactory demonstration of his or her financial

responsibility but who is making a good faith effort to achieve the level of financial responsibility required for such licensure.

- “Exempt company” means a person other than a bona fide not for profit entity that is not subject to licensure as a residential mortgage lender or a residential mortgage broker, that is registered pursuant to the provisions of the bill, and that employs, or will employ one or more licensed mortgage loan originators.
- “Out-of-State mortgage loan originator” means an individual who maintains a unique identifier through the Nationwide Mortgage Licensing System and Registry and currently holds a valid mortgage loan originator license issued pursuant to the law of any state or other jurisdiction within the United States.
- “Transitional mortgage loan originator license” or “transitional license” means a license, issued to an out-of-State mortgage loan originator or registered mortgage loan originator that provides temporary authority to engage in the business of mortgage loan origination in this State pending the completion by the transitionally licensed individual of the requirements for licensure as a New Jersey mortgage loan originator as set forth in the act as amended by this bill.

A depository institution, although otherwise exempt from the bill’s requirements, may register with the department to sponsor individuals licensed as mortgage loan originators, under certain conditions. The bill also exempts bona fide not for profit entities from the act’s requirements.

The bill provides additional authority to the department with respect to certain aspects of business licensees. The bill requires that a branch office of a business licensee shall be under the supervision of a branch manager.

Although entities regulated by the Division of Banking in the Department of Banking and Insurance that pay a special purpose assessment to the division are typically exempt from most fees imposed by the division, the bill provides that these entities are not exempt from fees charged any exempt company pursuant to the provisions of the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS notes that the bill may result in a potential indeterminate annual State revenue increase due to the collection of applicant fees, resulting from transitional mortgage loan originator licenses.

The bill will result in an indeterminate, likely insignificant, annual increase in State administrative expenditures tied to DOBI’s implementation of the bill’s provisions. The OLS notes that the annual increases in State revenues and expenditures may partially, if not fully, offset one another.

The OLS further notes that, due to the bill’s exception for companies otherwise exempt from the special purpose assessment for the Division of Banking in the Department of Banking and Insurance, the bill may also result in a potential, likely insignificant, increase in revenue due to the fees charged to exempt companies who obtain licenses from the commissioner.

Section: Commerce, Labor and Industry

Analyst: Juan C. Rodriguez
Associate Fiscal Analyst

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

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

[Home](#) | [Administration](#) ▾ | [Key Initiatives](#) ▾ | [News and Events](#) ▾ | [Social](#) ▾ | [Contact Us](#) ▾

Newark, N.J.

Governor Murphy Takes Action on Legislation

08/24/2018

TRENTON - Today, Governor Phil Murphy signed the following bills into law:

A542 (Mazzeo, Lagana, Andrzejczak, Zwicker, Land, Benson, Downey/Ruiz, Bateman) - Requires certain schools to maintain supply of opioid antidotes and permits emergency administration of opioid antidote by school nurse or trained employee.

A1675 (Dancer, Conaway, Caride, Space/Beach, Smith) - Authorizes prescribed burning in certain circumstances.

A2035 (McKeon, Schaer/Pou, Cruz-Perez) - Revises "New Jersey Residential Mortgage Lending Act."

A2401 (Wimberly, Mukherji, Reynolds-Jackson/Cunningham, Gill, Turner) - Authorizes issuance of Delta Sigma Theta license plates.

A3463 (Murphy, Downey, Houghtaling/Gopal, Cruz-Perez) - Requires district boards of election to report every two hours number of voters who have voted at each precinct; authorizes challengers to request reported count.

A3628 (Greenwald, Moriarty, Murphy/Weinberg, Diegnan) - Establishes New Jersey Civic Information Consortium.

[Copy of Statement on A3628](#)

A3871 (Chiaravalloti, Egan/Diegnan, Cruz-Perez) - Concerns disqualification from unemployment benefits for misconduct.

A3904 (McKeon, Jasey, Schepisi/Cardinale, Stack) - "Tommy's Law"; requires NJT to take certain action and adopt policies concerning person injured or killed in incidents involving NJT motorbuses and rail or light rail vehicles.

A4120 (Pintor Marin, Tucker, DeAngelo/Rice, Ruiz) - Authorizes special assessments and bond issuance to replace lead-contaminated water service lines.

A4208 (Jasey, Lopez, Sumter/Rice) - Establishes "New Jersey Complete Count Commission."

A4249 (Wimberly, Pintor Marin/Ruiz, Vitale) - Expands per adjusted admission charge on hospitals to create supplemental funding pool for State's graduate medical education subsidy; appropriates \$24,285,714.

A4259 (Pintor Marin, Calabrese/Sarlo, Ruiz) - Restructures tickets sales law.

[Copy of Statement on A4259](#)

AJR137 (Pinkin/Greenstein) - Designates month of July of each year as "Smart Irrigation Month."

S2145 (Scutari, Sweeney/DeAngelo, Downey, Mukherji) - Concerns attorney fees for workers' compensation

awards.

SJR14 (Pou, Ruiz/Chaparro, Lopez, Jimenez) - Designates September 20th of each year as Hispanic Journalist Pride Day.

[Back to Top](#)

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Governor Phil Murphy

Statewide

Home

Administration

- Governor Phil Murphy
- Lt. Governor Sheila Oliver
- First Lady Tammy Snyder Murphy
- Cabinet
- Boards, Commissions & Authorities
- Internship
- Opportunities
- Governor's Residence - Drumthwacket

Key Initiatives

- Economy & Jobs
- Education
- Environment
- Health
- Law & Justice
- Transportation

News & Events

- Press Releases
- Public Addresses
- Executive Orders
- Statements on Legislation
- Administration Reports
- Transition Reports
- Press Kits

Social

- Facebook
- Twitter
- Instagram
- Snapchat
- YouTube

Contact Us

- Scheduling Requests
- Contact Us

[NJ Home](#)

[Services A to Z](#)

[Departments/Agencies](#)

[FAQs](#)

[Contact Us](#)

[Privacy Notice](#)

[Legal Statement &](#)

[Disclaimers](#)

[Accessibility](#)

[Statement](#)



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