

BANKING
DEPARTMENT OF BANKING AND INSURANCE
DIVISION OF BANKING

Dedicated Funding
Fees and Annual Reports
Office of Consumer Finance

Adopted Amendments: N.J.A.C. 3:1-7.4 and 7.6; 3:15-2.1 through 2.8, 2.12, 2.13, 2.14, 2.15, 4.2, 6.3, 6.15, and 6.16; 3:16-1.2 and 2.1; 3:19-1.2; 3:22-1.3; 3:23-1.1, 2.1, 3.1 and 3.2; 3:24-1.5, 1.6, 6.1 and 6.2; 3:25-2.2 and 3.3; and 3:27-2.1, 2.2, 3.2 and 3.6.

Adopted New Rules: N.J.A.C. 3:23-4.

Adopted Repeals: N.J.A.C. 3:15-4.3; 3:24-1.4; 3:25-2.4; and 3:27-3.3, 3.4 and 3.5.

Proposed: January 3, 2006 at 38 N.J.R. 10(a).

Adopted: May 24, 2006 by Steven M. Goldman, Commissioner, Department of Banking and Insurance.

Filed: May 25, 2006 as R. 2006 d.235, **without change**.

Authority: N.J.S.A. 17:1-8, 17:1-15e, and 17:1C-33 et seq.

Effective Date: June 19, 2006.

Expiration Date: September 2, 2006, N.J.A.C. 3:1;
October 10, 2007, N.J.A.C. 3:15;
November 30, 2006, N.J.A.C. 3:16;
November 2, 2006, N.J.A.C. 3:19;
April 29, 2010, N.J.A.C. 3:22;
November 18, 2007, N.J.A.C. 3:23;
May 25, 2010, N.J.A.C. 3:24;
January 7, 2008, N.J.A.C. 3:25;
March 19, 2009, N.J.A.C. 3:27.

To view the formal Notice of Adoption filed with the Office of Administrative Law visit the [Department's Office of Legislative and Regulatory Affairs](#) and click on "[Adopted Rules](#)."

Summary of Public Comments and Agency Responses:

The Department received comments from Gerald Goldman, General Counsel, New Jersey Check Cashers Association.

COMMENT: The commenter thanked the Department for its efforts on the proposed regulation and its efforts in attempting to allocate the financial burden of the dedicated funding assessments fairly across all regulated sectors.

RESPONSE: The Department appreciates the expression of support for the proposal.

COMMENT: The commenter stated that they were generally in agreement with the policies underlying the proposed regulations and that dedicated funding is the preferred funding mechanism for financial regulatory activities because it provides greater assurance that the regulator will have sufficient operating funds in the event of economic fluctuations which would otherwise impact the state budget. The commenter stated that they believed that past budgetary and resource issues have negatively affected the Department's efficiency and timeliness in processing licenses and other applications and that shortages in personnel and resources have negatively affected the Department's ability to pursue unlicensed and illegal check cashers and other money service businesses which still continue to operate in New Jersey. The commenter noted that they hoped that dedicated funding will provide resources to the Department that will allow it to be more responsive to industry and to rid the state of illegal and unlicensed check cashers.

RESPONSE: The Department appreciates the expression of support for the proposal.

COMMENT: The commenter concurred with the proposal to amend N.J.A.C. 3:1-7.2 and 7.4 to change the spelling of the word “cashiers” to “cashers.” The commenter stated the term for the licensed activity is the cashing of checks, in which case “cashers” is the appropriate term.

RESPONSE: The Department appreciates the expression of support for the proposal.

COMMENT: The commenter agreed with the need for an amendment to require check casher licensees to provide proof of compliance with the 2,500 foot distance restriction imposed by N.J.S.A. 17:15A-41(e) prior to continuation of business operations at a new location.

RESPONSE: The Department appreciates the expression of support for the proposal.

COMMENT: The commenter stated that the proposed amendment to N.J.A.C. 3:1-7.6 provides for a mandatory \$50.00 per diem penalty for the late filing of annual reports and a mandatory \$150.00 per diem penalty for late payment of assessments, up to a maximum of 20 percent of the assessment due. The commenter stated they understand the need for a penalty mechanism to encourage and enforce the timely filing of reports and payment of assessments; however, they disagree with the non-discretionary nature of the proposed language, which would appear to require assessment of a penalty in all cases of late annual report filings or late assessment payments, without regard to emergent or mitigating circumstances.

RESPONSE: The Department thanks the commenter for acknowledging the need for a penalty mechanism to encourage and enforce the timely filing of reports and payment of assessments. The failure to timely file annual reports or pay assessments affects not just the Department, but all other comparable licensees who will bear the financial burden of those licensees who do not pay their assessments. The assessment of penalties serves to impress upon licensees the

importance of their obligations and provides an effective means of ensuring the timely filing of annual reports and the timely remission of assessment payments

COMMENT: The commenter noted that proposed N.J.A.C. 3:1-7.6(a)1 provides for electronic filing of annual reports. The commenter stated that, because there presently exists no mechanism for the electronic filing of reports, they are unable to comment on the efficiency and accuracy of the system proposed. Further, the same regulation provides for an April 1st deadline for filing electronic reports, whereas proposed N.J.A.C. 3:1-7.6(a)2 provides for a March 1st deadline for filing annual reports via hard copy. The commenter proposed there be one single due date for all reports regardless of filing method. Further, the commenter noted that some licensees do not have access to data systems, which are not required by statute, in which case such licensees will be placed at a disadvantage by having a 30-day shorter deadline.

RESPONSE: The Department notes that the commenter has suggested that there be one single due date for all annual reports regardless of whether they are filed electronically or by hard copy. In recognition of the possibility that some licensees may not have computer capability, the Department provided the option of filing annual reports in hard copy in the proposed amendments.

The rules establish the March 1 deadline for the manual filing of annual reports because the Department needs additional time to enter the data supplied in such reports into its computerized database.

Rather than imposing mandatory electronic filing and requiring certain filers to incur the added expense of creating electronic data, the Department will accept manual filings and will convert those filings to electronic form. The earlier date for manual filing is required to allow

time for the entry of data by Department personnel so as to enable the Department to determine the volume assessment component of the dedicated funding assessment to be made upon check casher licensees as set forth in N.J.A.C. 3:5-4(c)1. The Department does not believe that those who file electronically should be forced to file earlier than necessary, as their data will not have to be manually entered by Department staff.

The commenter suggested that those filing by hard copy will be disadvantaged by having a March 1 deadline, as opposed to those filing electronically who will have an April 1 deadline. The Department believes that these deadlines must be considered along with proposed N.J.A.C. 3:23-4.2, dealing with annual reports. This section requires licensees seeking permission to file by hard copy to submit their request by January 15. Thus, those filers not having the ability to electronically file annual reports will already be on a different time track regarding the filing of their annual report. Such licensees will need to request permission to file by hard copy not later than January 15, monitor their receipt of the granting of such a request, and then prepare to meet the March 1 deadline.

COMMENT: The commenter noted proposed N.J.A.C. 3:1-7.6(a)3 provides that an “incomplete” annual report shall be deemed to be not filed, in which case the licensee would be subject to a \$50.00 per day penalty. The commenter noted that the corresponding subsection, N.J.A.C. 3:1-7.6(c), does not provide for any maximum amount that can be imposed upon a licensee for a late report. The commenter also noted that the proposed regulation at N.J.A.C. 3:1-7.6 provides no description of what the Department would consider to be a material error and the regulation provides no mechanism for fair notice to a licensee that their annual report is found erroneous. The commenter found these provisions, which do not provide for notice to the

affected licensee and make no allowance for inadvertent human or computer error, to be unfairly punitive.

RESPONSE: The \$50.00 per day penalty to which the commenter refers does not begin to run until the date that the annual report is due. Therefore, if an error or an omission is discovered and corrected prior to that date, no penalty would be assessed. The application of the material error standard for annual reports can be found in N.J.S.A. 17:1C-48b, which provides for a penalty for any licensee who submits figures on loan volume, number of branches or any other factor used by the Department to compute the license's assessment that are substantially or materially in error. The standard legal definition of those terms would apply.

It is the obligation of the regulated entity to file a complete and accurate annual report by the date due. The Department will provide assistance and information on its website and through educational programs to help regulated entities fulfill their obligation. Because the assessment process is dependent upon the Department's timely receipt of complete and accurate data from all regulated entities, the authority to impose significant sanctions upon entities that fail to fulfill that obligation is essential.

COMMENT: The commenter noted that proposed N.J.A.C. 3:1-7.6 is unclear whether a licensee submitting an incomplete report will be assessed a per diem penalty for each day until the error is discovered by the Department and subsequently corrected by the licensee. The commenter gave the example of a licensee who did not receive notice from the Department of the error for 100 days. The issue would be whether the licensee would be assessed a \$50.00 per diem penalty, which in the example would be \$5,000. The commenter recommended that there be a cap on the maximum amount that could be assessed. With regard to errors, the commenter proposed that

there be language allowing for the assessment of a penalty only for material errors and a requirement that the Department first provide notice of an incomplete filing and permit the licensee a reasonable period of time to correct a report prior to assessment of a per diem penalty.

RESPONSE: As stated earlier, it is the regulated entity's obligation to submit a complete and accurate annual report by the date due and no penalty will be incurred prior to that date. The regulated entity can commence the process of compiling the data needed for the report during the year to which the report will pertain. The regulated entity will then have at least two months to finalize the data, if they are filing manually, prior to the date it must be filed with the Department. Those who are filing electronically will have at least three months to finalize their data. The Department believes that this is a reasonable amount of time prior to the assessment of a penalty. Because the timely filing of annual reports is critical to the accurate calculation of the assessment amounts to be imposed upon licensees, the penalties provided for in N.J.A.C. 3:1-7.6 will run from the date upon which the annual report was to have been filed.

COMMENT: The commenter noted that proposed N.J.A.C. 3:1-7.6(b), which provides that licensees will be issued penalties of \$150.00 per day for late payments of assessments, up to a maximum of 20 percent of the amount of the assessment, could result in unreasonably punitive penalties. The commenter continued that under proposed N.J.A.C. 3:1-7.6(b)1, an assessment paid with a dishonored or returned check will be deemed unpaid and the \$150.00 daily penalty will continue to accrue until a replacement check is received by the Department. The commenter noted under current N.J.A.C. 3:1-6.7, which relates to payment of examination fees, the Department will notify a licensee in writing if a check is returned and the licensee is then required to provide either a certified or cashier's check plus \$10.00. The commenter stated they

understood that annual assessments are intended to pay for expenses previously incurred by the Department in regulating licensees; however, the proposed new penalty structure seems to indicate a new attitude by the Department toward its licensees. The commenter suggested that a requirement that a licensee first be given notice in the event of the late payment of an assessment be added. The commenter also proposed that in the case of a declined or returned check, the licensee be given notice and an opportunity to provide a replacement check before a penalty would be assessed.

RESPONSE: The Department notes that N.J.S.A. 17:1C-42 requires the Department to report all assessments on which payment has not been made and objections have not been filed to the State Treasurer within 30 days. Given these statutory time constraints, the Department does not believe that the penalty structure is unreasonably punitive. Further, a returned check for an assessment is not subject to penalty until after the due date indicated on the assessment. It is the obligation of the regulated entity to pay the amount assessed by the due date on the assessment. If a payment is returned or declined prior to that date and the regulated entity issues a replacement check prior to the due date, no penalty will be imposed.

The Department acknowledges that under N.J.A.C. 3:1-6.7 the Department gives notices of returned checks and requires a replacement and a \$10.00 fee. The Department understands that in the daily course of business, a regulated entity may have a check returned or dishonored. However, the Department does not believe, given the import of the assessment, that it is unreasonable to expect a regulated entity to ensure that the funds to pay the assessment are available at the time that the payment is made. To clarify any perceived ambiguity between the two provisions, upon the adoption of amendments to N.J.A.C. 3:1-6.7, elsewhere in this issue of the New Jersey Register, that rule is being amended to clarify that returned or dishonored checks

submitted in payment of an annual assessment are governed by N.J.A.C. 3:1-7.6(b) and not N.J.A.C. 3:1-6.7.

COMMENT: The commenter noted that proposed N.J.A.C. 3:1-7.6(d) provides that, in addition to any monetary penalty, “a licensee shall be subject to revocation” for an unpaid assessment and/or the failure to file an annual report. The commenter objected to the apparently non-discretionary and punitive nature of the language. The commenter noted that although an enforcement mechanism must be in place, the proposed language is truly harsh. The commenter stated the regulation provides absolutely no requirement for notice to the affected licensee and does not provide the affected licensee any opportunity to be heard. Moreover, the commenter stated that the regulation does not provide for a suspension as an interim measure. The commenter suggested a fairer and more reasonable approach would be to require that the Department provide notice of a late report or assessment payment and, additionally, the licensee should be subject to a license suspension as opposed to revocation, but only after notice and an opportunity to be heard.

RESPONSE: The Department does not believe the language is unduly harsh. The language that the commenter stated is nondiscretionary and punitive in nature simply states that if the assessment remains unpaid after the date due or if the annual report is not filed after it is due, in addition to monetary penalties the “the licensee shall be subject to revocation.” The intent of the language is to make clear that, whether or not penalties have been assessed, the Commissioner retains the authority to seek to revoke the license of the regulated entity. If the Commissioner does commence an action seeking revocation, it would be in accordance with the normal procedures and would provide to the entity all requisite due process.

COMMENT: With respect to proposed N.J.A.C. 3:24-1.4, relating to check casher application fees, the commenter believed that “the flat increase of all check cashing licensing fees across the board to \$700.00 is an excessive increase.” The commenter stated that the existing \$300.00 fee for a principal office application would be increased by 233 percent and the present \$250.00 fee for mobile and branch office applications would be increased by 280 percent. The commenter stated these increases are excessive and unprecedented, and, further, there has been no showing as to how the increase in application fees is tied into or affects the overall methodology for assessment calculation.

RESPONSE: The Department believes that the commenter does not fully understand the intent of the assessment process or its effects on the fees paid by assessed entities. Application fees are not tied to the effect or methodology of the assessment calculation. Application fees reflect the costs of assessing and processing the respective applications. Prior to the implementation of the dedicated funding statute, a regulated entity would usually be charged both an application fee and a license fee at the time of initially applying for a credential, license fees again upon each renewal, and other fees for miscellaneous services which were subsequently provided. The initial and renewal licensing fees and other miscellaneous fees have been eliminated. The adjustment of the application fee to \$700.00 reflects a change that more accurately reflects the costs to the Department of reviewing an initial application for a license and actually decreases the total amount an applicant for a new check casher license had been required to pay under the former funding structure.

COMMENT: The commenter stated that the increase in the fee for “limited branch office” applications to \$700.00 flatly contradicts the recent statutory amendments to the Check Casher Regulatory Act. The commenter stated that, specifically, by virtue of an amendment to N.J.S.A. 17:15A-40(b), “the initial license fee” for a limited branch office shall not exceed \$100.00. The commenter stated that the proposed rule amendment would violate the Check Casher Regulatory Act and is thus beyond the Department’s rulemaking authority. The commenter noted that the Department’s application for a limited branch office is currently rather simple and does not require either financial analysis or submission of survey information. The commenter stated the proposed amendments to N.J.A.C. 3:24-1.4 eliminate the fees charged for applications for changes of control and changes of address, both of which involve much more complicated application procedures. The commenter proposed that, in order to comply with the statutory limitation at N.J.S.A. 17:15A-40(b), the charge for a limited branch office be eliminated.

RESPONSE: The Department disagrees that the proposed \$700.00 application fee for a “limited branch office” violates the Check Cashers Regulatory Act of 1993 (the Act) and is beyond the Department’s rulemaking authority. The Act, at N.J.S.A. 17:15A-41c, states that “[t]he commissioner shall authorize a licensee, pursuant to an application approved by the commissioner, to operate a limited branch office or offices, the business of which shall be limited to cashing checks for a particular group or groups at one or more private premises, provided that the holder of a limited branch authorization observes all of the rules and regulations issued by the commissioner applicable to all licensees except that: (1) the books and records required to be kept may be kept at the principal office of the licensee; and (2) the requirements of section 8 of this act concerning capital and net worth shall not apply with respect to a limited branch office if the licensee is in compliance with section 8 of this act with respect to

its principal office." N.J.S.A. 17:15A-41c. Thus, the Legislature did not include, among the exceptions to the requirement that licensees seeking to operate limited branch offices comply with all of the rules and regulations of the Department, any provision exempting applicants for limited branch office licenses from the obligation to pay an application fee as set forth in those rules.

The rationale of the commenter's conclusion that the proposed application fee of \$700.00 violates the Check Casher Regulatory Act is based on a recent statutory amendment to the Act at N.J.S.A. 17:15A-40(b) which limits an initial license fee for a "limited branch office" to a maximum of \$100.00. In fact, the proposed rule amendments eliminate the initial license fee for a "limited branch office" in accordance with the recently enacted statute on dedicated funding, P.L. 2005, c. 199, which statutorily eliminated annual license fees. In addition, P.L. 2005, c. 199 specifically continued the authority of the Department to charge application fees to its licensees. The comment fails to recognize this distinction in the controlling statute between license fees and application fees. License fees were annual or biennial fees. An application fee is a one-time fee and should be seen by the licensee as a cost to be amortized over the life of the business. The commenter also notes that the proposal at N.J.A.C. 3:24-1.4 eliminates "application fees" charged for changes of control or changes of address. The commenter suggests that likewise the application fee for a "limited branch office" should be eliminated, especially to comply with N.J.S.A. 17:15A-40(b). As stated earlier, the Department has adjusted the amounts of the application fees to more accurately reflect the costs to the Department of reviewing applications. In the case of "limited branch offices" the Department must review the lease, the survey (for compliance with N.J.S.A. 17:15A-41(e), the "2500 foot rule"), the capital requirements and several of the other criteria for initial check casher license applications. On that basis, the

Department believes the application fee for “limited branch office” specified at N.J.A.C. 3:24-1.4 is authorized by statute and is an appropriate amount that is within the range specified by the law. The Department therefore declines to make the suggested change.

COMMENT: The commenter stated that, with respect to proposed N.J.A.C. 3:24-6.1, the amendment provides that “in accordance with N.J.A.C. 3:1-7.6,” the Department shall assess a penalty for the filing of a late report. The commenter stated that, although they understand the need for a penalty mechanism to encourage and enforce the timely filing of annual reports, the proposed language would appear to require the assessment of a penalty in all cases of late filing without regard to emergent or mitigating circumstances. The commenter also noted that the regulation provides for no maximum limit on the penalty amount, causing the proposed regulation to be unreasonably punitive.

RESPONSE: As was noted above in a prior Response, the \$50.00 per day penalty to which the commenter refers does not begin to run until the date that the annual report is due. Therefore, if an error or an omission is discovered and corrected prior to that date, no penalty would be assessed.

It is the obligation of the regulated entity to file a complete and accurate annual report by the due date. The Department will provide assistance and information on its website and through educational programs to help regulated entities in their obligation. However, the fairness and efficacy of the assessment process is dependent on the timely receipt of complete and accurate data from all regulated entities.

Federal Standards Statement

The adopted amendments and repeals are not subject to any Federal standards or requirements. Therefore, a Federal standards analysis is not required.

Full text of the new and amended rules as adopted follows:

CHAPTER 1

GENERAL PROVISIONS

3:1-7.4 Address change

Every licensee referenced in N.J.A.C. 3:1-7.1(a)1 [in Schedule A or 3:1- 7.2(c)1 in Schedule B] that changes a licensed business address at any time shall, within 10 days of the change, submit information relative to the address change to the Commissioner, and surrender the affected license or licenses; except that pawnbrokers, check cashers and insurance premium finance companies shall comply with the provisions of N.J.A.C. 3:16-1.6, N.J.A.C. 3:24-1.6(h), or N.J.S.A. 17:16D-4, respectively. Licensees submitting a notice of change of address pursuant to this section shall submit their license or licenses for the issuance of the new license reflecting the change. Within 30 days of receipt of the notice of change of address and all documentation necessary to effectuate the change, the Commissioner shall issue a new license or licenses that reflect the change. With the exception of check cashers, while the licensee is awaiting the issuance of the license or licenses reflecting the new address, the licensee may continue in business, provided that all documentation is supplied, unless the licensee receives notice of suspension or revocation, or unless the licensing period if any, expires.

3:1-7.6 Penalty for late filing of annual reports and/or late payment of assessments

(a) Licensed lenders, motor vehicle installment sellers, home repair contractors, home financing agencies, check cashers, money transmitters, debt adjusters, foreign money transmitters, pawnbrokers, insurance premium finance companies, or any other licensees who fail to file an annual report on a timely basis as specified below shall be subject to a \$50.00 per day penalty. With the exception of licensed lenders, all such licensees who file applications to renew their license after the license expiration date shall be subject to a penalty of \$50.00. Licensed lenders who file renewal license applications after the expiration of their licenses shall be subject to N.J.A.C. 3:15-2.6, including any penalties specified therein.

1. Annual reports filed electronically will be deemed late if received after April 1st of the year following the calendar year covered by the annual report.

2. Annual reports filed by hard copy shall be considered late if mailed or shipped with an overnight delivery service after March 1 of the year following the calendar year covered by the annual report. Hard copy reports may only be filed by licensees who have received an exemption from the Department pursuant to N.J.A.C. 3:23-4.2 prior to filing.

3. Annual reports found by the Department to be incomplete shall be deemed not filed.

4. Any report not filed by the date due, including those deemed not filed, shall be considered late and will be subject to penalty.

(b) A licensed lender, motor vehicle installment seller, home repair contractor, home financing agency, check casher, money transmitter, debt adjuster, foreign money transmitter, pawnbroker, insurance premium finance company and any other licensee that submits payment

of the assessment imposed upon them pursuant to N.J.S.A. 17:1C-33 et seq. and N.J.A.C. 3:5 after the due date indicated on their assessment statement shall be subject to a penalty.

1. Assessments paid with a dishonored or returned check shall be considered unpaid until a replacement check is received by the Department.

2. Assessments not paid because a replacement check has not been received by the due date as required by (b)1 above shall be subject to a penalty.

(c) Unless otherwise prescribed by a statute applicable to a particular license type, a licensee who files a late annual report and/or whose assessment payment is unpaid after the date due as set forth in (a) above shall be subject to a penalty, in accordance with the following:

1. For late filing of the annual report, the penalty shall be \$50.00 per day.

2. For late payment of the assessment, the penalty shall be \$150.00 per day up to a maximum of 20 percent of the total assessment due.

(d) In addition to any monetary penalties a license shall be subject to revocation for an assessment that remains unpaid after the due date indicated on the assessment statement and/or for failing to file an annual report by the due date.

(e) The imposition of penalties shall not prevent the Department from imposing further penalties on the licensee for transacting business without a license.

CHAPTER 15

LICENSED LENDERS: MORTGAGE BANKERS; CORRESPONDENT MORTGAGE BANKERS; MORTGAGE BROKERS; SECONDARY LENDERS; CONSUMER LENDERS AND SALES FINANCE COMPANIES

3:15-2.1 Requirement to be licensed

(a) - (e) (No change.)

(f) If a licensee files a complete application for renewal of his or her license on or before the expiration date of any licensing period, the licensee may continue to transact business without interruption until such time as he or she is notified that his or her application for renewal has been denied or that his or her license has been suspended or revoked. An application is complete if it is in proper form and includes all required documentation.

3:15-2.2 Application for a license

(a) A person applying for a license pursuant to the Act shall submit the following:

1. - 8. (No change.)

Recodify existing 10. and 11. as 9. and 10. (No change in text.)

(b) - (c) (No change.)

(d) Application fees are nonrefundable.

3:15-2.3 Branch offices; branch licensing requirement; initial branch licensing application

(a) (No change.)

(b) The application for a branch office license shall include the following:

1. (No change.)

2. The address of the principal New Jersey place of business; and

3. The addresses of all branches to be licensed and a copy of the deed, lease or rental agreement for each, or a letter of intent for such a document. If a letter of intent is submitted, an executed copy of the document shall be provided within 60 days of approval of the application.

(c) - (f) (No change.)

(g) Application fees are nonrefundable.

3:15-2.4 Application for renewal of a license

(a) A person who holds in good standing a license as a licensed lender with authority to act as a mortgage banker, correspondent mortgage banker, mortgage broker, secondary mortgage lender, consumer lender or sales finance company who seeks to renew a license pursuant to this section shall submit the following in connection with the renewal application:

1. A completed renewal application form as prescribed by the Commissioner which shall include the following:

i. - ii.(No change.)

iii. A certification that the applicant has bond coverage as specified in N.J.A.C. 3:15-3.1, and net worth as specified by N.J.S.A. 17:11C-14 of the Act, in the case of a mortgage banker, correspondent mortgage banker, mortgage broker; or a certification that the applicant has bond coverage as specified in N.J.A.C. 3:15-3.1, and net worth and liquid assets as specified in N.J.S.A. 17:11C-15, in the case of a secondary mortgage lender; or a certification that the applicant has net worth and liquid assets as specified in N.J.S.A. 17:11C-16, in the case of a consumer lender.

(b) No license shall be renewed unless all assessments due and owing as of the expiration date of the current license have been paid.

3:15-2.5 Branch offices; renewal of branch licenses

(a) A licensee in good standing who holds a license for a branch or branches with authority for the conduct of the business of a mortgage banker, correspondent mortgage banker, mortgage broker, secondary mortgage lender, consumer lender or sales finance company who wishes to renew a branch license pursuant to this section shall submit the following in connection with the renewal application:

1. A completed renewal application form as prescribed by the Commissioner which shall include the following for each branch to be renewed:

i.-ii. (No change.)

iii. The address of each branch whose license is being renewed.

3:15-2.6 Late renewal of licenses; late filing fees; reinstatement fees

(a) A person who submits a renewal application after the expiration of the license, but no later than 45 calendar days after such expiration, may renew by paying a penalty for late filing of \$500.00.

(b) A person who submits a renewal application later than 45 but no more than 90 calendar days following the expiration of the license shall be required to submit an application for reinstatement of the license. Such application for reinstatement shall be on a form as prescribed by the Commissioner and shall be accompanied by a penalty for late filing of \$700.00 per license.

(c) A person who submits a renewal application later than 90 days following the expiration of the license shall be treated as a new licensee and be required to submit an application with a fee as specified in N.J.A.C. 3:15-4.

(d) Payment of the fees or penalties under (a), (b) and (c) above shall be submitted in the form of a check made payable to "Treasurer--State of New Jersey."

(e) The date of submission for this section shall be the date the application is stamped received by the Department. If the licensee has proof of mailing issued by the post office or a pick-up receipt from a delivery service, that date shall be considered the date of submission.

(f) (No change in text.)

(g) Application fees are nonrefundable.

3:15-2.7 Inactive license status; application fee

(a) A person holding an individual license in good standing with authority as a mortgage banker or correspondent mortgage banker or mortgage broker and/or as a secondary lender may apply to the Department, either at the time of license renewal or at any time during a licensing period during which the individual license is active, to place that license in inactive status by completing an inactive license status request form as prescribed by the Commissioner.

(b) A person holding a sole proprietorship license with authority as a mortgage banker or correspondent mortgage banker or mortgage broker and/or secondary lender in good standing may apply to the Department, either at the time of license renewal or at any time during a licensing period during which the sole proprietorship license is active, to place his individual right to licensure, but not the right of the sole proprietorship entity, in inactive status by completing an inactive status request form as prescribed by the Commissioner.

(c) A person may keep his or her individual license and a person licensed as a sole proprietorship may keep his or her personal right to licensure but not the sole proprietorship

licensure in inactive status for a period not to exceed three license periods without becoming subject to re-examination, provided that:

1. A new application fee as set forth in (d) below is paid on reactivation; and
2. The person is employed without significant break by another licensee in the mortgage banking business; correspondent mortgage banking business, mortgage brokering business or secondary lending business, or by a depository institution in this state provided that he or she works primarily in residential mortgage lending. For the purposes of this subsection, a significant break shall not exceed 120 days in any licensing period.

(d) A person who holds an inactive individual license may reactivate the individual license by submitting an individual license reactivation form as prescribed by the Commissioner to the Department, including the payment of the appropriate license application fee as set forth in N.J.A.C. 3:15-4.3 and proof of continuous employment as defined in (c) above.

(e) Application fees are nonrefundable.

3:15-2.8 Conversion of mortgage banking, correspondent mortgage banking, and mortgage brokering licenses

(a) A person licensed, in good standing, as a mortgage banker shall submit the following to convert from a mortgage banker to a correspondent mortgage banker, and a person licensed, in good standing, as a correspondent mortgage banker shall submit the following to convert from a correspondent mortgage banker to a mortgage banker:

1. (No change.)

2. A completed conversion form, which shall include the name and address of the licensee, the requested date of conversion and a copy of the licensee's most recent annual report of tangible net worth filed pursuant to N.J.A.C. 3:15-6.16; and

3. For a conversion to a correspondent mortgage banker, a signed affidavit from the president or other principal who owns, controls or votes 25 percent or more of the stock of the licensee, a general partner, a managing member or the sole proprietor stating that the licensee will not hold or service mortgage loans for more than 90 days in the regular course of business.

(b) A licensee shall submit the following to convert from a mortgage banker or a correspondent mortgage banker to a mortgage broker, or from a mortgage broker to a mortgage banker or a correspondent mortgage banker:

1. (No change.)

2. A completed conversion form, which shall include the name and address of the licensee, the requested date of conversion and a copy of the licensee's most recent annual report of tangible net worth filed pursuant to N.J.A.C. 3:15-6.16; and

3. For a conversion to a mortgage broker, a signed affidavit from the president or other principal who owns, controls or votes 25 percent or more of the stock of the licensee, a general partner, a managing member or the sole proprietor stating that the licensee will not issue commitments or lock-ins in its name, will not close mortgage loans in its name, and will only charge borrowers application fees and discount points.

(c) (No change.)

3:15-2.12 Responsibilities and replacement of the entity's licensed natural person

(a) (No change.)

(b) The individual licensee upon whom a licensed lender entity license is dependent shall be fully qualified by passing the written examination required by N.J.A.C. 3:15-2.9 and shall be responsible to perform the following:

1.- 4. (No change.)

5. Ensure that license renewals and other licensing matters such as new branch office applications, changes of address, changes of name, change of control, change of business style, and requests for additional license authorities are submitted to the Department on the appropriate forms and accompanied by the required documentation

6. - 7. (No change.)

3:15-2.13 Registration of mortgage solicitors

(a) (No change.)

(b) To register a mortgage solicitor, the prospective employing mortgage banker, correspondent mortgage banker or mortgage broker shall submit the following to the Department:

1. (No change.)

2. A \$100.00 registration fee. A mortgage solicitor who changes his or her employing mortgage banker, correspondent mortgage banker or mortgage broker within the two-year registration period shall be re-registered by the new employing licensee by filing a new registration form with the \$100.00 fee.

3. (No change.)

(c) The Department shall provide all employing licensees with a mortgage solicitor registration certificate for each solicitor that shall be renewable every two years. The registration shall run from July 1, 2007 to June 30, 2009 and for two-year intervals thereafter.

(d) - (e) (No change.)

(f) The Commissioner shall refuse to register a person who changes affiliation if the Commissioner determines that the change is for the purpose of evading the licensing requirements of the Act.

(g) Registration fees are nonrefundable.

3:15-2.14 Change of control

(a) A licensee shall file a request for approval whenever a change of control of direct ownership of 25 percent or more of the licensee is planned. The change of control request shall be submitted at least 60 days prior to the anticipated sale date and shall include:

1. -2. (No change.)

Recodify existing 4. and 5. as 3. and 4. (No change in text.)

3:15-2.15 Discontinuation of licensed lender business activity

(a) When a licensed lender with authority to act as a mortgage banker, correspondent mortgage banker, mortgage broker or secondary mortgage lender discontinues its licensed business operations in New Jersey, the licensed lender shall:

1. - 7. (No change.)

8. Satisfy all outstanding obligations owed to the Department;

9. Satisfy all filing requirements including the final annual report which report shall be for the year in which the licensed lender discontinues its licensed business operations in New Jersey;

10. Pay all assessments due and owing and prepay the base assessment for the year of the discontinuance by paying the amount of the most recently billed base assessment within 15 days after ceasing business or upon being acquired. Adjustments to the base assessment, if any, and the final volume assessment for the year of discontinuance will be billed in the year following the discontinuance. In the event of an acquisition, the amount carried forward shall be paid by the acquiring entity; and

11. Identify, in writing, the name, address and phone number of the person within the licensee's operation responsible for the payment of assessments.

(b) When a licensed lender with authority to act as a consumer lender or sales finance company discontinues its licensed business operations in New Jersey, the licensed lender shall:

1. - 5. (No change.)

6. Satisfy all outstanding obligations owed to the Department including all assessments due and owing and prepay the base assessment for the year of the discontinuance by paying the amount of the most recently billed base assessment within 15 days after ceasing business or upon being acquired. Adjustments to the base assessment, if any, and the final volume assessment for the year of discontinuance will be billed in the year following the discontinuance;

7. Satisfy all filing requirements including the final annual report which report shall be for the year in which the licensed lender discontinues its licensed business operations in New Jersey; and

8. Identify, in writing, the name, address and phone number of the person within the licensee's operation responsible for the payment of assessments.

SUBCHAPTER 4. FEES

3:15-4.2 Application fee

(a) A person who is applying for a license under the Act shall pay an application fee to the Department as follows:

1. One authority for an individual and/or company: \$700.00;
2. Two authorities for an individual and/or company: \$1,000;
3. Three authorities for an individual and/or company: \$1,300; and
4. Four authorities for an individual and/or company: \$1,600.

(b) A licensee who subsequently applies for an additional authority shall pay an application fee for each such application of \$300.00 per authority for each individual and/or company.

(c) (No change in text.)

SUBCHAPTER 6. BOOKS AND RECORDS; EXAMINATIONS; ANNUAL REPORTS

3:15-6.3 Location of books and records

(a) -(b) (No change.)

(c) The approval of the Department to keep records at a site or office specified in (b)2 and 3 above shall be given only if the licensee enters into an agreement with the Department governing the maintenance and production of records at the site. The provisions of the agreement shall include, but shall not be limited to, the designation of the site where the records

will be maintained, the fees and expenses chargeable by the Department for conducting examinations and investigations, if any, and the right of the Department to rescind the agreement.

(d) - (e) (No change.)

3:15-6.15 Charges for investigations

For any person not licensed or registered by the Department, the Department may charge for investigations at the same rate as provided for examinations in N.J.A.C. 3:1-6.6. For the purposes of this section, investigations shall include investigations by the enforcement or examinations units of the Department and special investigations by the consumer services unit but shall not include routine efforts by the consumer services unit to research or resolve consumer complaints.

3:15-6.16 Reports to the Department

Each mortgage banker, correspondent mortgage banker, mortgage broker, secondary lender, consumer lender and sales finance company shall file a report with the Department annually on or before April 1 of each year. The report shall be submitted on forms provided by the Department and shall indicate the tangible net worth, net worth and liquid assets of the mortgage banker, correspondent mortgage banker, mortgage broker, secondary lender and consumer lender, as required. For mortgage banker, correspondent mortgage banker, mortgage broker and secondary lenders, the report shall indicate the warehousing lines available and outstanding. In accordance with N.J.A.C. 3:1-7.6, the Department shall assess a penalty against

any mortgage banker, correspondent mortgage banker, mortgage broker, secondary lender, consumer lender or sales finance company for each annual report filed late.

CHAPTER 16

PAWNBROKING LAW REGULATIONS

3:16-1.2 Licensing

(a) - (c) (No change.)

(d) An applicant for a license shall apply on a form supplied by the Commissioner, which shall require the following information:

1.- 2. (No change.)

3. The application fee of \$500.00;

4. - 8. (No change.)

(e) Application fees are not refundable.

3:16-2.1 Recordkeeping; reporting

(a) - (b) (No change.)

(c) In accordance with N.J.A.C. 3:1-7.6, the Department shall assess a penalty against any licensee for each report the licensee files late.

(d) (No change in text.)

CHAPTER 19

HOME REPAIR FINANCING ACT REGULATIONS

3:19-1.2 Licensing requirement

(a) - (b) (No change.)

(c) The application fee for a home repair contractor shall be \$300.00 and \$60.00 for a home repair salesperson.

(d) Application fees are not refundable.

CHAPTER 22

INSURANCE PREMIUM FINANCE COMPANY ACT

3:22-1.3 Annual report; fee

Each insurance premium finance company licensee shall file, on or before February 1, an annual report as mandated by N.J.S.A. 17:16D-7. In accordance with N.J.A.C. 3:1-7.6, the Department shall assess a penalty against any licensee for each report the licensee files late.

CHAPTER 23

FEES AND ANNUAL REPORTS

3:23-1.1 Purpose and scope

(a) This chapter shall implement the provisions of N.J.S.A. 17:1-8.1 which permits the Commissioner of Banking and Insurance to establish application fees for new licenses issued by the Commissioner

(b) This chapter applies to all licensees as defined by N.J.A.C. 3:5-2.

3:23-2.1 Application fees

(a) All licensees governed by N.J.S.A. 17:11C-1 et seq. shall be subject to the application fees specified in N.J.A.C. 3:15-4.2.

(b) The following table indicates the application fees established by the Commissioner of Banking and Insurance for application fees other than those specified in N.J.A.C. 3:15-4.2.

Licensees	Application Fee
1. Money Transmitter	
I. Money Transmitter (N.J.S.A. 17:15C-7a)	\$700.00
ii. Foreign Money Transmitter (N.J.S.A. 17:15C-7a)	\$700.00
2. Check Casher (N.J.S.A. 17:15A-33)	\$700.00
3. Retail Installment Sales	
i. Motor Vehicle Installment Seller (N.J.S.A. 17:16C-8)	\$ 300.00
ii. Home Financing Agency (N.J.S.A. 17:16C-82(a))	\$ 400.00
iii. Home Repair Contractor (N.J.S.A. 17:16C-82(b))	\$ 300.00
iv. Home Repair Salesman (N.J.S.A. 17:16C-82(c))	\$ 60.00
4. Insurance Premium Finance Company (N.J.S.A. 17:16D-4)	\$500.00
5. Pawnbroker (N.J.S.A. 45:22-4)	\$ 500.00
6. Debt Adjuster (N.J.S.A. 17:16G-1 et seq.)	\$300.00
7. High Cost Home Loan Credit Counselor (N.J.S.A. 46:10-22 et seq.)	\$100.00

(c) Application fees are nonrefundable.

SUBCHAPTER 3. MONEY TRANSMITTERS

3:23-3.1 License; application fee

Each applicant for a license to conduct business as a money transmitter shall fill out a form supplied by the Commissioner of Banking and Insurance which complies with the mandates of N.J.S.A. 17:15C-7. A nonrefundable fee of \$700.00 for a money transmitter or a

foreign money transmitter shall accompany the application, but is not required to be paid for a renewal application.

3:23-3.2 Annual report

(a) (No change.)

(b) In accordance with N.J.A.C. 3:1-7.6, the Department shall assess a penalty against any licensee for each report filed late.

SUBCHAPTER 4 ANNUAL REPORTS

3:23-4.1 Filing of annual reports

Unless otherwise prescribed by a statute applicable to a particular license type, each licensee listed in N.J.A.C. 3:23-2.1, including licensed lenders, shall file an annual report on or before April 1 on a form supplied by the Commissioner. The form shall include the licensee's name, address, volume of business(es), bonding information, if any, and may include other information that the licensee is required by rule or by statute to maintain or report. The filing of annual reports by check cashers, insurance premium finance companies and pawnbrokers shall be governed by the provisions of N.J.S.A. 17:15A-45, 17:16D-7 and 45:22-12, respectively.

3:23-4.2 Electronic filing; exemption

(a) All annual reports shall be filed electronically.

(b) Licensees unable to file electronically may apply to the Department for an exemption from electronic filing.

(c) All exemption applications shall be forwarded to the Department by January 15 of the year in which the report is to be filed and shall include a statement certifying to the applicant's inability to file electronically and the reasons for that inability.

3:23-4.3 Late filings

(a) All annual reports shall be filed in accordance with N.J.A.C. 3:1-7.6.

(b) All annual reports filed late shall be subject to penalties as provided in N.J.A.C. 3:1-7.6.

(c) A final annual report shall be required for the calendar year in which the licensee discontinues its licensed business operations in New Jersey.

CHAPTER 24

CHECK CASHING

3:24-1.4 Application fees

(a) An application fee of \$700.00 shall be charged for the following:

1. Application for a principal office;
2. Application for a full branch office;
3. Application for a limited branch office; and
4. Application for a mobile office.

3:24-1.5 Application process; requirements

(a) (No change.)

(b) In addition to the information required to be furnished to the Department by N.J.S.A. 17:15A-33 through 39, the applicant shall supply the following as part of its application for each director, substantial stockholder, officer, owner, partner, member, manager and employee of the business to be licensed:

1. A personal certification on a form supplied by the Commissioner;
2. A two-inch by two-inch passport style photograph of the persons listed in (b) above;
3. Fingerprints in the manner currently required by the New Jersey State Police or their authorized representative;
4. Application fee(s) as required by N.J.A.C. 3:24-1.4;and
5. Any other information or supporting documentation relating to the operation of the proposed check cashing business which the Commissioner may require

(c) - (j) (No change.)

3:24-6.1 Annual report

Each check cashing licensee shall file, on or before March 1, an annual report as mandated by N.J.S.A. 17:15A-45. In accordance with N.J.A.C. 3:1-7.6, the Department shall assess a penalty against a licensee for each report the licensee files late.

3:24-6.2 Additional reports

(a) (No change.)

(b) (No change in text.)

CHAPTER 25

DEBT ADJUSTMENT AND CREDIT COUNSELING

3:25-2.2 Application for license or registration

(a) Prior to providing debt adjustment or credit counseling services, other than high-cost home loan credit counseling, a corporation shall obtain a license from the Department. The license application shall be on a form approved by the Commissioner and shall include the following information:

1. - 12. (No change.)
13. The license application fee required by N.J.A.C. 3:23-2.1; and
14. (No change.)

(b) - (d) (No change.)

(e) Prior to providing high-cost home loan credit counseling services, a non-profit social service or credit counseling agency shall be registered by the Department. The registration application shall be on a form approved by the Commissioner and shall include the following information:

1. - 6. (No change.)
7. The registration application fee required by N.J.A.C. 3:23-2.1; and
8. (No change.)

(f) - (i) (No change.)

Recodify existing N.J.A.C. 3:25-2.5 and 2.6 as 2.4 and 2.5 (No change in text.)

3:25-3.3 Right of investigation and examination

The Commissioner may make such investigations and examinations of any licensee or other person as he or she deems necessary to determine compliance with either of the Acts, these rules or orders issued by the Commissioner. For such purposes, he or she may examine, or compel by subpoena, the production of all relevant books, records, and other documents and materials relative to an examination or investigation.

CHAPTER 27

MONEY TRANSMITTERS

3:27-2.1 Requirement to be licensed

(a) (No change.)

(b) The license shall be renewable for subsequent [biennial] licensing periods commencing on July 1, 2007.

3:27-2.2 Application for an initial license

(a) All persons applying for an initial license pursuant to the Act shall submit the following:

1. - 2. (No change.)

3. An audited financial statement prepared by a certified public accountant or a public accountant, in good standing, demonstrating proof of net worth as specified in N.J.A.C. 3:27-5.1; and

4. The application fee specified in N.J.A.C. 3:27-3.2 and 3:23-2.1.

(b) In addition, for each executive officer, key shareholder, officer, owner, partner and manager responsible for the business to be licensed, the following information is required to be furnished to the Department:

1. A personal certification on a form supplied by the Commissioner;
2. (No change.)
3. Fingerprints in the manner currently required by the New Jersey State Police or their authorized representative. In the case of a publicly traded corporation, its subsidiaries and affiliates, or a bank, bank holding company, and the subsidiaries and affiliates thereof, it is not required that the applicant furnish the fingerprints of each of the applicant's executive officers and of each officer or manager who will be in charge of the applicant's activities requiring licensure; and
4. Additional information, which may be specifically requested by the Commissioner from a particular applicant.

(c) - (g) (No change.)

3:27-3.2 Application fees

(a) A person who is applying for an initial license under this Act shall pay an application fee to the Department in accordance with N.J.A.C. 3:23-2.1.

(b) (No change.)

3:27-3.3 Annual report

(a) – (c) (No change in text.)

(d) Any licensee who fails to file a complete annual report in a timely manner, as set forth in (a) above, shall pursuant to N.J.S.A. 17:15C-12 be assessed a penalty of \$100.00 per day for each day after the due date that the complete report remains unfiled.

DFeesandAnnualReports