

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF APPLICANTS)
FOR LICENSURE UNDER THE NEW)
JERSEY RESIDENTIAL MORTGAGE) ORDER
LENDING ACT)

This matter having been opened by the Commissioner of the Department of Banking and Insurance (“Commissioner”) pursuant to P.L. 2009, c. 53 (“the Act”) and all powers expressed or implied therein; and

IT APPEARING that the Act was enacted on May 4, 2009 to establish separate licensing schemes for the regulation of residential mortgage lending and consumer finance lending; and

IT FURTHER APPEARING that sections 1 through 39 of P.L. 2009, c 53 enacted the New Jersey Residential Mortgage Lending Act, (“RMLA”); and

IT FURTHER APPEARING that in accordance with Order No. A09-112 all mortgage banker, correspondent mortgage banker, mortgage broker and secondary lender licenses and mortgage solicitor registrations issued under the New Jersey Licensed Lenders Act, N.J.S.A. 17:11C-1, et seq., (“the LLA”) shall expire at 11:59 p.m. Eastern Time on July 31, 2010; and

IT FURTHER APPEARING that unless individuals and business entities currently licensed or registered under the LLA become licensed under the RMLA, their authority to engage in regulated activity in New Jersey related to residential mortgage loans will expire on July 31, 2010; and

IT FURTHER APPEARING that pursuant to Section 74 of the Act the Commissioner is authorized to take anticipatory administrative action in advance of July 31, 2010 necessary to implement the provisions of the Act; and

IT FURTHER APPEARING that on August 3, 2009 a Notice of Proposal of New Rules and Amendments to various rules of the Department of Banking and Insurance (“Department”), to conform the current rules to and implement the provisions of the RMLA was published in the New Jersey Register (See 41 NJ 2829(a)) and that, upon completion of the review of the comments submitted on that proposal, the new rules and amendments will be adopted either as published or with amendments not requiring republication in accordance with N.J.S.A. 52:14B-1, et seq. and N.J.A.C. 1:30-1 et seq.; and

IT FURTHER APPEARING that on January 19, 2010 a Notice of the Proposal of New Rules to implement the provisions of the Act applicable to consumer finance lending was published in the New Jersey Register (See 42 NJR 105), which notice provides for a public comment period through March 20, 2010, after which the Commissioner may proceed to adopt the proposed new rules in accordance with N.J.S.A. 52:14B-1, et seq. and N.J.A.C. 1:30-1 et seq.; and

IT FURTHER APPEARING that both of the aforementioned rulemaking proposals were listed on Appendix B of Executive Order No. 1 issued by Hon. Chris Christie, Governor, on January 20, 2010 and, therefore, in accordance with the terms of that Executive Order, were not frozen and suspended; and

IT FURTHER APPEARING that, if necessary, in the Notice of the Adoption of the rule amendments implementing the RMLA the date on which those adopted amendments

will become operative will be delayed until on or about the operative date of the adoption of the new rules implementing the provisions in the Act related to consumer finance lending in order to co-ordinate the operative dates of the revisions to the current rules effectuated by those two distinct rulemaking actions; and

IT FURTHER APPEARING that it is in the best interest of the licensed community, the Department and the public for the Department to provide an opportunity for the uninterrupted transition to licensure under the RMLA of individuals and business entities currently licensed or registered under the LLA and for the timely initial licensure under the RMLA of individuals and business entities that are not currently licensed or registered; and

IT FURTHER APPEARING that no individual seeking licensure as a qualified individual licensee in accordance with N.J.S.A. 17:11C-54 b. will qualify for licensure as such until the business licensee with which he or she will be affiliated has fully qualified for licensure; and

IT FURTHER APPEARING that no individual seeking licensure as a mortgage loan originator in accordance with N.J.S.A. 17:11C-54 c. will qualify for licensure as such until the business licensee with which he or she will be affiliated has fully qualified for licensure; and

IT FURTHER APPEARING that commencing on or about January 4, 2010 the Department began accepting applications from qualified businesses and individuals for licensure under the RMLA as residential mortgage lenders, residential mortgage brokers, branch offices, qualified individual licensees, and mortgage loan originators, as applicable,

submitted electronically through the Nationwide Mortgage Licensing System & Registry (“NMLS&R”); and

IT FURTHER APPEARING that current licensees and registrants under the LLA who wish to transition to licensure under the RMLA may begin the transition process by creating a record with the NMLS&R at www.mortgage.nationwidelicencingsystem.org and obtaining a unique identifier; and

IT FURTHER APPEARING that, as identified by the NMLS&R, the means to fulfill the education, testing and fingerprinting requirements for licensure as a mortgage loan originator or a qualified individual licensee under the RMLA are currently or will become available on the dates specified below:

General pre-licensing education - currently available;

New Jersey state-specific pre-licensure education – currently available;

National test – currently available;

New Jersey specific test – currently available;

New Jersey State fingerprinting – on or about February 16, 2010; and

FBI fingerprinting – currently available; and

IT FURTHER APPEARING that to facilitate a smooth transition to licensure as residential mortgage lenders, residential mortgage brokers, qualified individual licensees and mortgage loan originators under the RMLA it is necessary for applicants to be able to make the required submissions and pay the appropriate fees through the NMLS&R so as to enable the Department to process such applications in a timely manner in an effort to

ensure that fully qualified individuals and business entities who do so are properly licensed to commence operations as residential mortgage lenders, residential mortgage brokers, qualified individual licensees, or mortgage loan originators, as applicable, on or before August 1, 2010;

NOW THEREFORE, IT IS on this 9th day of February, 2010 ORDERED that:

1. Business entities currently licensed under the LLA that seek licensure under the RMLA as a residential mortgage lender, correspondent residential mortgage lender or residential mortgage broker to be effective on or before August 1, 2010 shall fulfill the requirements for such licensure set forth in the RMLA and shall, by no later than April 30, 2010: submit a complete electronic application through the NMLS&R; identify the applicant's qualified individual licensee as required by N.J.A.C. 3:15-2.2(a)3; complete the criminal history record background checks for all owners, managers, officers, directors, partners and members of a limited liability company and shareholders owning 10 percent or more of an applicant as set forth in N.J.A.C. 3:15-2.2(a)2; provide a Letter of Intent from the surety company that issued the licensee's current bond indicating that the bond will be amended to reference the RMLA and to comply with the applicable bond amount specified in N.J.A.C. 3:15-3.1 or provide an original executed bond from a new surety in the amount as set forth in N.J.A.C. 3:15-3.1 et seq.; provide a certification of required tangible net worth as set forth in N.J.A.C. 3:15-5.3; provide a certification that the applicant's principal office is in compliance with N.J.A.C. 3:15-2.2(a)9 if that location is not a currently licensed location under the LLA; pay all fees imposed by NMLS&R and an application fee of \$600.00 and, if applicable, a branch application fee of \$100.00 per existing branch office as set forth in N.J.A.C. 3:15-4.1(c). (All citations in this paragraph

and in paragraphs 2, 3 and 4 are to the rules as proposed to be amended at 41 NJR 2829(a) as referenced above.) Business entities that otherwise qualify for licensure and that complete the filing of an application through the NMLS&R and make all required submissions to the Department after April 30, 2010 cannot be assured that a license will be approved on or before July 31, 2010.

2. Business entities not licensed under the LLA that seek licensure under the RMLA as a residential mortgage lender, correspondent residential mortgage lender or residential mortgage broker shall fulfill the requirements for licensure set forth in the RMLA and shall: submit a complete electronic application through the NMLS&R; identify the applicant's qualified individual licensee as required by N.J.A.C. 3:15-2.2(a)3; complete the criminal history record background checks for all owners, managers, officers, directors, partners and members of a limited liability company and shareholders owning 10 percent or more of an applicant as set forth in N.J.A.C. 3:15-2.2(a)2; provide the necessary documentation about the business entity as required by N.J.A.C. 3:15-2.2(a) 6 and 7; provide an original executed bond as set forth in N.J.A.C. 3:15-2.2(a)4; provide an unqualified audited financial statement demonstrating required tangible net worth as set forth N.J.A.C. 3:15-2.2(a)5; provide a certification that the applicant's principal office is in compliance with N.J.A.C. 3:15-2.2(a)9; and pay all fees imposed by NMLS&R and an application fee of \$1,200 and, if applicable, a branch application fee of \$1,000 per branch office as set forth in N.J.A.C. 3:15-4.1(b).

3. All individuals now actively licensed or registered under the LLA and all individuals whose licenses under the LLA are currently in inactive status, and individuals who are not so licensed or registered under the LLA who seek licensure as a qualified

individual licensee under the RMLA shall fulfill the requirements for such licensure and shall: electronically submit a complete license application through the NMLS&R; complete a criminal history record background check as set forth in N.J.A.C. 3:15-2.3(a)1; provide evidence of good character and fitness as set forth in N.J.A.C. 3:15-2.3(a)2 and evidence of the satisfactory completion of the pre-licensing education and testing requirements set forth in N.J.A.C. 3:15-2.3(a)3; and pay all fees imposed by the NJLS&R and an application fee of \$500.00 for a qualified individual licensee as set forth in N.J.A.C. 3:15-4.1(b). Individuals transitioning from registration or licensure (in active or inactive status) under the LLA to licensure under the RMLA as a qualified individual licensee who otherwise qualify for licensure and who complete the filing of an application for licensure as a qualified individual licensee through the NMLS&R and make all required submissions to the Department after April 30, 2010 cannot be guaranteed that a license will be approved on or before July 31, 2010. No individuals may engage in activity as a qualified individual licensee until their license as such and the license of the business entity with which they will be affiliated have been approved and they are authorized to do so.

4. All individuals holding mortgage solicitor registrations or individual licenses under the LLA, and all individuals who currently are not so registered who seek licensure as a mortgage loan originator under the RMLA shall fulfill the requirements for such licensure and shall: electronically submit a complete license application through the NMLS&R; complete a criminal history record background check as set forth in N.J.A.C. 3:15-2.3(a)1; provide evidence of good character and fitness as set forth in N.J.A.C. 3:15-2.3(a)2 and evidence of the satisfactory completion of the pre-licensing education and testing requirements set forth in N.J.A.C. 3:15-2.3(a)3; and pay all fees imposed by

NMLS&R and an application fee of \$150.00 as set forth in N.J.A.C. 3:15-4.1(b). Individuals transitioning from registration or individual licensure under the LLA to RMLA licensure as a mortgage loan originator who otherwise qualify for licensure and who complete the filing of an application for a mortgage loan originator license through the NMLS&R and make all required submissions to the Department after May 15, 2010 cannot be assured that a license will be approved on or before July 31, 2010. No individuals may engage in activity as a mortgage loan originator until their license as such and the license of the business entity with which they will be affiliated have been approved and they are authorized to do so.

5. Business entities currently licensed under the LLA are hereby directed to disseminate this Order to their licensed individuals and registered mortgage solicitors immediately.

/s/ Thomas B. Considine
Thomas B. Considine,
Acting Commissioner

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