

**ADOPTION SECTION**

**BANKING**

**DEPARTMENT OF BANKING AND INSURANCE**

**DIVISION OF BANKING**

**Notice of Readoption**

**Debt Adjustment and Credit Counseling**

**Readoption: N.J.A.C. 3:25**

Authority: N.J.S.A. 17:1-8.1, 17:1-15.e, 17:16G-1 et seq., and 46:10B-22 et seq.

Authorized By: Kenneth E. Kobylowski, Commissioner, Department of Banking and Insurance.

Effective Date: May 1, 2015.

New Expiration Date: May 1, 2022.

**Take notice** that pursuant to the provisions of Executive Order No. 66 (1978) and N.J.S.A. 52:14B-5.1, the rules at N.J.A.C. 3:25 will expire on June 23, 2015. The rules implement the Debt Adjuster Act, N.J.S.A. 17:16G-1 et seq., and the New Jersey Home Ownership Security Act, N.J.S.A. 46:10B-22 et seq.

The rules provide definitions of key terms and set limits on debt adjustment and credit counseling fees that may be charged by nonprofit social services and nonprofit consumer credit counseling agencies. The rules set forth who is eligible to be licensed as a debt adjuster or registered as a high-cost home loan credit counselor. The rules also set forth the information required to be in applications for licensure as a debt adjuster or registration as a high-cost home loan credit counselor and require that if a licensee or registrant has more than one office, one of them be designated as its principal office.

The rules further require licensees to maintain a certain bond amount, have its financial records audited annually, and to follow certain procedures relating to the receipt, maintenance and disbursement of debtor's funds. The rules additionally establish the investigation and examination powers of the Department and list penalties it may impose on licensees and registrants.

The rules also set forth the requirement that registered high-cost home loan credit counselors certify that consumers have received counseling with respect to high-cost home loans and list what, at a minimum, must be contained in the certification given by the counselor upon completion of the counseling. The rules further set forth the minimum standards for individuals providing high-cost home loan credit counseling and establish the information that must be discussed with a consumer as a prerequisite to the counselor issuing a certification of having provided the required counseling.

The rules also permit high-cost home loan credit counselors to provide alternate counseling to consumers, require counselors to discuss certain issues with consumers prior to providing a certification of alternate counseling, and list what must be included in the certification given by the counselor upon completion of alternate counseling. Lastly, the rules establish the bookkeeping and reporting requirements for high-cost home loan credit counselors.

The Department of Banking and Insurance has reviewed these rules and has determined that the rules should be readopted without amendment. The rules are necessary, reasonable, and proper for the purpose for which they were originally promulgated. Therefore, pursuant to N.J.S.A. 52:14B-5.1.c(1), these rules are readopted and shall continue in effect for a seven-year period.