

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF INDIVIDUALS)
CONDITIONALLY APPROVED AS)
QUALIFIED INDIVIDUAL LICENSEES OR)
MORTGAGE LOAN ORIGINATORS WHO)
HAVE FAILED TO AUTHORIZE THE) ORDER
ACQUISITION OF A CREDIT REPORT SO)
AS TO QUALIFY FOR UNCONDITIONAL)
LICENSURE UNDER THE NEW JERSEY)
RESIDENTIAL MORTGAGE 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 and all powers expressed or implied therein; and

IT APPEARING that sections 1 through 39 of P.L. 2009, c. 53 enacted the New Jersey Residential Mortgage Lending Act, (“RMLA” or “the Act”) which, together with rules adopted by the Commissioner on June 21, 2010 (See 42 N.J.R. 1139(b)), created a system for the licensure of business entities and individuals engaged in the business of residential mortgage lending and brokerage, including loan origination, which is compliant with the Secure and Fair Enforcement for Mortgage Licensing Act of 2008, 12 U.S.C. §5101 (“SAFE Act”); and

IT FURTHER APPEARING that, pursuant to Section 74 of P.L. 2009, c. 53, the Commissioner is authorized to take anticipatory administrative action necessary to implement the provisions of that legislation; and

IT FURTHER APPEARING that in Bulletin No. 10-28, issued on October 19, 2010, conditionally approved applicants for licensure as qualified individual licensees and mortgage loan originators under the RMLA were notified that they had until March 1, 2011 to authorize the acquisition of their credit report through the Nationwide Mortgage Licensing System (“NMLS”) so as to confirm their financial responsibility and, consequently, their eligibility for unconditional licensure under the RMLA; and

IT FURTHER APPEARING that a number of conditionally approved individual licensees have, notwithstanding having renewed their conditional approval under the RMLA on January 1, 2011, to date failed to authorize the acquisition of their credit report by the NMLS;

NOW, THEREFORE, IT IS on this 28th day of February, 2011 ORDERED that:

1. The time for individuals currently conditionally approved as mortgage loan originators or qualified individual licensees under the RMLA to authorize the acquisition of their credit report by the NMLS is extended to March 31, 2011. The license applications of conditionally approved individuals who fail to authorize the acquisition of their credit report by the NMLS by 11:59 p.m. Eastern Time on March 31, 2011 shall be deemed abandoned.

2. Commencing April 1, 2011, individuals formerly conditionally approved as mortgage loan originators or qualified individual licensees under the RMLA who failed to authorize the acquisition of their credit report by the NMLS by 11:59 p.m. Eastern Time on March 31, 2011 shall no longer be authorized to legally engage in residential mortgage-related activity under the Act. As of April 1, 2011, such individuals shall:

- a. Lack authority to conduct and shall cease conducting new business, including advertising, soliciting or originating residential mortgage loans for which licensure under the RMLA would be required;
- b. Refrain from taking any new mortgage loan applications from New Jersey borrowers or borrowers from other states to be secured by New Jersey residential real estate; and
- c. Refrain from allowing, enabling, or facilitating any unlicensed persons from engaging on their behalf in any activity requiring licensure pursuant to the RMLA, including but not limited to, acting as a residential mortgage lender, a residential mortgage broker, a qualified individual licensee or a mortgage loan originator.

3. Commencing on April 1, 2011, licensed residential mortgage lenders, correspondent residential mortgage lenders and residential mortgage brokers may only perform licensed activities through licensed qualified individual licensees and mortgage loan originators, or through conditionally approved qualified individual licensees and mortgage loan originators who have authorized the acquisition of their credit reports through the NMLS. The performance of activity requiring licensure under the RMLA by other individuals on behalf of a licensed business entity will subject that licensee to sanctions, including fines and/or the suspension or revocation of the business entity's license, in accordance with N.J.S.A. 17:11C-70.

4. Commencing April 1, 2011, business entities with a previously conditionally approved affiliated qualified individual licensee who failed to authorize the acquisition of his or her credit report by the NMLS by 11:59 p.m. Eastern Time on March 31, 2011 shall, pursuant to N.J.A.C. 3:15-2.13(a), have until June 30, 2011 to replace that individual with a

licensed qualified individual licensee or a conditionally approved qualified individual licensee who has so authorized the acquisition of their credit report.

5. The authority of a conditionally approved business entity that was previously affiliated with a conditionally approved qualified individual licensee who failed to authorize the acquisition of their credit report by the NMLS by March 31, 2011 and that does not affiliate with a licensed qualified individual licensee by June 30, 2011, shall expire at midnight on June 30, 2011. Thereafter, any such business entity shall:

- a. On any loans closed prior to 11:59 p.m. Eastern Time on June 30, 2011, complete the transaction by close of business on July 14, 2011 through funding it directly or, if funding is unavailable, indirectly by referring the borrower to a viable and properly credentialed alternative funding source;
- b. On any loans originated but not closed prior to 11:59 p.m. Eastern Time on June 30, 2011, refer all such borrowers to a viable and properly credentialed alternative lender or broker by close of business on July 7, 2011;
- c. Provide to the Commissioner a report on July 5, 2011, detailing the identity and status of all loans subject to paragraph 5a of this Order, and update such report on a daily basis through July 14, 2011 or the day on which all such matters are complete, whichever is later;
- d. Provide to the Commissioner a report on July 5, 2011 detailing the identity and status of all loans subject to paragraph 5b of this Order, and update such report on a daily basis through July 8, 2011 or the day on

which all such matters have been referred to a properly credentialed alternative lender or broker, whichever is later; and

e. Provide to the Commissioner by July 5, 2011 a list of the names of all principals, officers, and control person(s) associated with the business entity as of June 30, 2011.

To review information related to any affiliated qualified individual licensees and mortgage loan originators who are currently in conditionally approved status to identify those who have not yet authorized the acquisition of their credit report by the NMLS, business entities can go to the NMLS Resource Center at <http://mortgage.nationwidelicencingsystem.org/Pages/default.aspx> and inquire upon the record of each conditionally approved individual affiliated with their firm.

6. All business entities shall immediately disseminate this Order to all conditionally approved qualified individual licensees and mortgage loan originators affiliated with them.

7. Nothing contained herein shall be deemed a waiver of the rights and authority of the Commissioner to enforce the provisions of the RMLA, and to withdraw, suspend or revoke any conditional approval or authority conferred thereunder for failure to comply with the terms of this Order or any future Order of the Commissioner or on such other grounds as may be applicable and appropriate.

A failure by a licensed or conditionally approved business entity or individual to comply with the provisions of this Order will subject such person to sanctions pursuant to N.J.S.A. 17:11C-70.



Thomas B. Considine
Commissioner

