



**State of New Jersey**  
DEPARTMENT OF BANKING AND INSURANCE  
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**BULLETIN NO. 05-10**

**TO: ALL INTERESTED PARTIES**

**FROM: H. ROBERT TILLMAN, DIRECTOR, DIVISION OF BANKING**

**RE: Office Requirements Under the New Jersey Licensed Lenders Act**

The New Jersey Department of Banking and Insurance (“Department”) is issuing this Bulletin in response to questions it has received concerning the office requirements contained within the New Jersey Licensed Lenders Act, N.J.S.A. 17:11C-1 et seq. (“the Act”) and the Department’s rules at N.J.A.C. 3:15 –1 et seq.

N.J.A.C. 3:15-1.3 requires a licensed lender, other than a licensee engaging solely in the sales finance business, to maintain a place of business in a “suitable location” and sets forth factors for the Commissioner to consider in making this determination. In general, the factors focus on the location being accessible to the public, having adequate signage to identify the licensee and being in a place where customers can focus on their transaction, free of noise and other distractions. This “suitable location” standard applies both to new applicants and to current licensees. Offices within residences must also comply with the specific requirements set forth in N.J.A.C. 3:15-1.3(a)5, which include the office being separate from the residential area and conveniently accessible to consumers through a separate business entrance. Pursuant to N.J.A.C. 3:15-2.3(d) all of these requirements also apply to branch offices.

The Department has received inquiries from licensees and prospective licensees concerning whether “virtual office,” “office suite” or “executive suite” locations may be “suitable locations” for licensing purposes under the Act. To date, the Department has not considered such locations to be “suitable locations.”

Recent information presented to the Department indicates that many of these locations now offer private offices, adequate security to ensure confidentiality of the sensitive financial information commonly contained in licensed lender files, personalized telephone answering machine services, clear signage for customers, and the ability to utilize, in private, a conference room for loan closings.

Based on this recent information, the Department is considering amending the rules to allow certain of these offices to be considered “suitable locations” under the Act. The Department expects that any proposal to amend the rules will include delayed effective dates, so that main and branch office locations that do not meet the new standards that may be enacted would have ample time to come into full compliance with any new requirements.

Until any rule amendments are officially adopted, interested parties contemplating entering into lease agreements for such locations should be vigilant to ensure the location meets the standards in the current rule. Before entering into binding agreements, such persons may submit a written request for preliminary

review to the Department's Licensing Services Bureau, Banking, at P.O. Box 473, Trenton, New Jersey 08625-0473. Any such requests should include a floor plan, the proposed lease and interior and exterior photos with an indication of where signs would be placed.

During the time period before any rule amendments are formally adopted, licensees and applicants may be guided by the following when contemplating whether any location, including an "office suite" or "executive suite" complex, complies with N.J.A.C. 3:15.1.3(a) or 3:15-2.3(d).

The Department will NOT approve a location as either a main or a branch office if it:

1. Does not have a space that may be utilized only by the licensee, enclosed by four floor-to-ceiling walls and a door, in which licensees or their authorized representatives can confer in private with customers. Thus, "desk rentals" are not acceptable as suitable main or branch office locations. A licensee cannot share private office space with anyone, including another financial entity of any type, a wholly-owned subsidiary or affiliate of the licensee, or an individual such as an attorney;
2. Does not have an area in which the confidentiality of files and records of the licensee may be maintained and which does not prevent access to persons unaffiliated with the licensee;
3. Does not have adequate signage which clearly identifies the licensee and the private work area of the licensed operation. Signage that includes identification of a licensee on an exterior sign or on an interior lobby board listing all building occupants if the building maintains such a sign, and on a wall or door of the actual office to be licensed will be considered adequate;
4. Is not staffed by at least one employee of the licensed entity. With respect to office suites and executive suites, a "shared" worker such as a receptionist, secretary or clerk who does not engage in any activities requiring licensure/registration may be utilized, but would not satisfy this minimum staffing requirement; and
5. Is not reasonably accessible to the public. Public access through an exterior entrance specifically for the licensee or through an interior entrance that is accessible from a common building hallway or lobby will be considered reasonable. Access that requires passing through any office or hallway of another business to gain entry to the licensee's office, other than a common hallway used to access the offices of other businesses, would not be considered reasonable.

Interested parties should monitor the New Jersey Register and /or the Department's web site at [www.NJDOBI.org](http://www.NJDOBI.org) for the notice of the proposal to amend the rules mentioned above. A 60-day comment period will be provided during which interested parties may submit written comments on the proposal.

May 20, 2005  
Date

/s/ H. Robert Tillman  
H. Robert Tillman  
Director  
Division of Banking

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