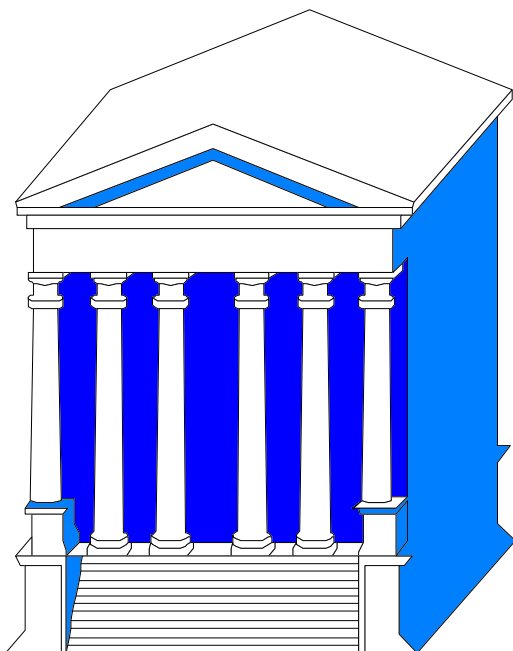


DIVISION OF BANKING

DEPARTMENT OF BANKING AND
INSURANCE

WHAT IS THE
DIVISION OF BANKING?



INFORMATION FOR NEW JERSEY
CONSUMERS

In 1996, Governor Christine Todd Whitman merged the departments of Banking and Insurance. With its new organizational structure, the Department is well-positioned to regulate the diversified financial services providers that have emerged following federal financial modernization (the passage of the Gramm-Leach-Bliley Act).

As one of the two major operating divisions in the Department, the Division of Banking is responsible for regulating all state-chartered banks, state-chartered savings banks, state-chartered savings and loan associations, state-chartered credit unions and sixteen types of financial services licensees.

Reflecting the Division's regulatory responsibilities, it is organized into three major units: the Office of Depositories, and the Office of Consumer Finance.

THE OFFICE OF DEPOSITORIES

The Office of Depositories is responsible for the examination of state-chartered commercial banks, state-chartered savings banks and state-chartered savings and loan associations and for enforcement actions involving the management of depositories. Examinations serve several important functions; for example, they enable the Department to determine whether the institution is operating in a safe and sound manner. Other examinations focus on consumer compliance activities, the operations of the institution, trust activities, electronic data processing departments, and holding companies. The Office has full authority to take enforcement action as needed.

The examination activities of the Office of Depositories are done in coordination with three federal

agencies. The Federal Deposit Insurance Corporation (FDIC) cooperates in the examination of state-chartered savings banks and in examinations of those state-chartered banks that are not members of the Federal Reserve. The Office of Thrift Supervision (OTS) cooperates in the examination of State-chartered savings and loan associations, while the local Federal Reserve Banks (New York and Philadelphia) cooperate in the examination of state-chartered banks that are members of the Federal Reserve. Each banking institution doing business in this State is usually examined every 12 to 18 months by either the state or by the appropriate federal regulator, or by both in a concurrent examination. Examinations are a major tool to assure that banking institutions are operating in a safe and sound manner. Examination reports are confidential by statute.

In addition to these examination functions, the Office of Depositories also processes applications by banking institutions and credit unions for new charters, branches, auxiliary offices, relocations, acquisitions, mergers, bulk sales, and stock conversions.

THE OFFICE OF CONSUMER FINANCE

The Office of Consumer Finance licenses 16 types of businesses that provide a wide variety of consumer financial services to New Jersey citizens. These include mortgage bankers and brokers, secondary mortgage lenders, consumer lenders, sales finance companies, motor vehicle installment sellers, home repair contractors, home repair finance agencies, check cashers, money transmitters, pawn brokers, insurance premium finance companies and consumer credit counseling agencies. The Office maintains a computer database containing licensee history information, verifies licensing status of companies in response to inquiries, and provides copies of licensing

laws and lists of licensed businesses.

The Office examines all state-chartered credit unions and nine of the 16 types of licensees. Examinations ascertain whether credit unions and licensees are complying with applicable state and federal laws and regulations. If unauthorized fees have been charged to consumers, the entities are required to make refunds. In the case of licensees, the examinations also verify that they have the required surety bond and the appropriate level of net worth and liquidity. The Office also collects and analyzes the annual reports that are required to be submitted to the Department by those licensees that are subject to examination. It monitors data on levels of business activity by licensees, their financial condition, and their net worth and surety bond compliance.

The Office enforces statutes and regulations that protect New Jersey consumers in financial services matters. It responds to consumer inquiries and investigates complaints about New Jersey state-chartered commercial banks, savings banks, savings and loan associations, credit unions and all licensees regulated by the Division of Banking. Appropriately, complaints and inquiries concerning institutions, licensees, statutes, or subjects that are not within the jurisdiction of the Division of Banking, are referred to the relevant federal and state agencies for response.

The Office conducts in-depth investigations and takes appropriate enforcement action where violations of New Jersey law are alleged. Examples of such violations would include unlicensed activity, deceptive advertising, collecting improper fees, deception, fraud, net worth deficiencies, surety bond cancellations and deficiencies, consumer claims against surety bonds of licensees, and failure by licensees to file required reports.

WHERE TO FILE A COMPLAINT

Various types of financial services providers are regulated by different government agencies. To avoid delay in resolving your complaint, you should file it with the agency that regulates the financial services provider that gave rise to your complaint.

○ To file a complaint against a state-chartered bank, state-chartered savings bank, state-chartered savings and loan association, state-chartered credit union, or any licensed lender doing business in New Jersey, contact the NJ Department of Banking and Insurance at NJDOBI, Office of Consumer Finance, PO Box 040, 20 West State Street, Trenton, NJ 08625. (1-800-445-7467) You may download a complaint form from our web page at www.njdobi.org

○ To file a complaint against a federally-chartered bank, contact the Office of the Comptroller of the Currency (OCC) at Customer Assistance Group, 1301 McKinney Street, Suite 3710, Houston, TX 77010. (1-800-613-6743)

○ To file a complaint against a federally-chartered savings bank or federally-chartered savings and loan association, contact the Office of Thrift Supervision (OTS) at 10 Exchange Place, 18th Floor, Jersey City, NJ 07032. (1-800-253-2181). OTS also jointly regulates with NJDOBI state-chartered S&L's.

○ The Federal Reserve Bank jointly regulates with NJDOBI state-chartered banks that are members of the Federal Reserve System. For State-chartered member banks in northern New Jersey, contact the Federal Reserve Bank of New York at 33 Liberty Street, NY, NY 10045 (212-720-5000). For state-chartered member banks in southern New Jersey, contact the Federal Reserve Bank of Philadelphia at 10 Independence Mall, Philadelphia, PA 19106-1574. (215-574-6116)

○ For institutions insured by the Federal Deposit Insurance Corporation (all state- and federally-chartered banks, savings banks, and savings and loan associations) contact the FDIC at 20 Exchange Place, NY, NY 10005. (800-334-9593). For institutions insured by the National Credit Union Administration (all state and federally-chartered credit unions) contact the NCUA at 1775 Duke Street, Alexandria, VA 22314. (703-518-6300)

○ To file a complaint involving a violation of the New Jersey Consumer Fraud Law, N.J.S.A. 56:8-1 et seq., contact the Division of Consumer Affairs within the NJ Department of Law and Public Safety, at Division of Consumer Affairs, 124 Halsey Street, Newark, NJ 07102. (800-242-5846)