

N.J.A.C. 11:5-3.16

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NJ - New Jersey Administrative Code PAW ET Table of Contents TITLE 11. INSURANCE
CHAPTER 5. REAL ESTATE COMMISSION SUBCHAPTER 3. LICENSING

§ 11:5-3.16 Registration of entities to receive commission income or other valuable consideration

(a) Pursuant to N.J.S.A. 45:15-16, a salesperson or broker-salesperson may accept payment of a real estate brokerage commission or other valuable consideration or any part thereof from a limited liability company or other entity formed and registered with the Commission. Such registered entity may receive a real estate brokerage commission or other valuable consideration from a broker.

(b) For the purpose of this section, the following definitions shall apply:

- 1.** "Commission or valuable consideration" means compensation for the performance of activities specified at N.J.S.A. 45:15-3.
- 2.** "Domestic entity" means a limited liability company or other entity that is formed pursuant to New Jersey law.
- 3.** "Foreign entity" means a limited liability company or other entity that is formed pursuant to the law of a jurisdiction other than New Jersey.

(c) The following requirements apply to domestic and foreign entities that a salesperson or broker-salesperson seeks to register:

- 1.** A salesperson or broker-salesperson may only have one entity registered with the Commission at a time;
- 2.** The entity must be duly registered to transact business in New Jersey and in good standing with the New Jersey Department of the Treasury;
- 3.** Foreign entities must be in good standing with the state of domicile;

4. The salesperson or broker-salesperson seeking registration of an entity must be a member, partner, shareholder, or otherwise have an ownership interest in the entity for which registration is being sought; and

5. An entity formed pursuant to N.J.S.A. 45:15-16.a may not be registered by more than one salesperson or broker-salesperson.

(d) The registration process shall be on a form prescribed by the Commission and shall require the following:

- 1.** The full legal name of the entity being registered;
- 2.** A Standing Certificate issued to the entity by the New Jersey Department of the Treasury, attesting to the legal status of the entity, dated no more than 30 days prior to the filing date of the request for registration;
- 3.** For domestic entities, a certified copy of the Certificate of Formation, or other formation certificate, issued by the New Jersey Department of the Treasury, Division of Revenue;
- 4.** For foreign entities, a Certificate of Authority to transact business in New Jersey, issued by the New Jersey Department of the Treasury, Division of Revenue; and
- 5.** Payment of the registration fee set forth at N.J.A.C. 11:5-3.14.

(e) The registration of an entity is not required to be renewed as part of the ordinary biennial license renewal requirement, set forth at N.J.S.A. 45:15-10. The registration of an entity shall expire in the following circumstances:

- 1.** Upon the revocation of the license of the salesperson or broker-salesperson to whom the entity is registered;
- 2.** Upon the failure of the salesperson or broker-salesperson to whom the entity is registered to timely reinstate an unrenewed license within the timeframes set forth at N.J.S.A. 45:15-9. Upon any subsequent reinstatement of such a license, such a salesperson or broker-salesperson shall complete the registration process in this section, prior to the entity receiving any commission or other valuable consideration; and
- 3.** Upon written request from the salesperson, or broker-salesperson to whom the entity is registered, for the entity to no longer be registered with the Commission.

(f) A salesperson or broker-salesperson who registers an entity, pursuant to this section, must notify the Commission within 30 days of any material change to the registered entity, including, but not limited to:

- 1.** The salesperson or broker-salesperson's transfer of ownership interest or disassociation with the registered entity;
- 2.** The merger or dissolution of a registered entity;
- 3.** The registered entity fails to maintain good standing with the New Jersey Department of the Treasury, Division of Revenue; or
- 4.** For foreign entities, the revocation of the Certificate of Authority to transact business in New Jersey.

(g) A licensed employing or contracting broker may pay a commission or valuable consideration to a registered entity instead of the individual salesperson or broker-salesperson that registered the entity in accordance with this section. The individual salesperson or broker-salesperson who registered the entity

in accordance with this section may accept payment of the commission or valuable consideration or any part thereof from the registered entity.

History

HISTORY:

New Rule, R.2024, d.078, effective August 19, 2024.

See: 55 N.J.R. 2171(a), 56 N.J.R. 1720(a).

