

RULE ADOPTIONS

BANKING

(a)

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF BANKING

Notice of Readoption

Consumer Lenders and Sales Finance Companies

Readoption: N.J.A.C. 3:17

Authority: N.J.S.A. 17:1-8, 17:1-8.1, 17:1-15.e, 17:1C-46, and 17:11C-49.

Authorized By: Justin Zimmerman, Acting Commissioner,
Department of Banking and Insurance.

Effective Date: April 11, 2024.

New Expiration Date: April 11, 2031.

Take notice that pursuant to N.J.S.A. 52:14B-5.1.c, the rules at N.J.A.C. 3:17 were scheduled to expire on May 17, 2024. The rules implement the New Jersey Consumer Finance Licensing Act, N.J.S.A. 17:11C-1 through 49, and the Retail Installment Services Act of 1960, N.J.S.A. 17:16C-1 through 61, regarding the licensing and regulation of consumer lenders and sales finance companies.

Subchapter 1 sets forth the general provisions. N.J.A.C. 3:17-1.1 sets forth the purpose and scope of the chapter. N.J.A.C. 3:17-1.2 sets forth definitions and terms used in the chapter. N.J.A.C. 3:17-1.3 states that a licensee shall maintain a principal office, and that a principal office where the licensee has direct contact with New Jersey consumers shall be in a suitable location. The rule sets forth the factors that shall be considered in determining whether such location constitutes a suitable office location, which factors depend on whether the licensee has direct contact with New Jersey consumers in an in-State or out-of-State location. N.J.A.C. 3:17-1.4 establishes the requirements for licensee names.

N.J.A.C. 3:17-1.5 addresses the maximum number of alternate or trade names that may be used. N.J.A.C. 3:17-1.6 governs the grounds for denying use of alternate names and N.J.A.C. 3:17-1.7 addresses the required display of a license.

Subchapter 2 sets forth the rules regarding licensing. N.J.A.C. 3:17-2.1 sets forth that a person engaged in the business as a consumer lender or sales finance company must obtain a license to act as such. N.J.A.C. 3:17-2.2 sets forth the documents required as part of the initial license application. N.J.A.C. 3:17-2.3 sets forth the documents required as part of the branch office license application. N.J.A.C. 3:17-2.4 sets forth the license renewal application process and N.J.A.C. 3:17-2.5 sets forth the license renewal process for branch offices. N.J.A.C. 3:17-2.6 sets forth the process for the late renewal of licenses. N.J.A.C. 3:17-2.7 governs the application for approval of a change of control of direct ownership of 25 percent or more of a licensee. N.J.A.C. 3:17-2.8 establishes the steps to be taken when a consumer lender or sales finance company discontinues its licensed business operations in New Jersey. Finally, N.J.A.C. 3:17-2.9 outlines the requirement that a licensee notify the Department of Banking and Insurance (Department) within 15 days if the licensee or any of its affiliates are fined, penalized, or disciplined, or if the licensee or any officer, director, partner, member, owner, or substantial stockholder of the licensee: are arrested, indicted, or convicted; have any business or professional license, registration, certificate, or any other right to engage in business revoked, denied, suspended, or restrained; file a petition for bankruptcy or reorganization; or engage in an activity that may have substantial impact on the ability of a licensee to engage in the licensed activity in a prudent or worthy manner.

Subchapter 3 sets forth the application fees for new licenses, renewals, and branch offices.

Subchapter 4 provides the rules for net worth, liquid assets, and insolvency that apply to each corporation, partnership, limited liability company, or sole proprietorship that is licensed as a consumer lender or that is an applicant for a license as a consumer lender. This subchapter

also addresses the factors that the Commissioner shall consider in determining whether to suspend, revoke, or refuse to renew the license of a consumer lender who has failed to maintain net worth or liquid assets requirements.

Subchapter 5 addresses licensee books and records, examinations, and annual reports. N.J.A.C. 3:17-5.1 provides the required methods and accounting, as well as preservation and storage requirements of documents. N.J.A.C. 3:17-5.2 permits a licensee to reproduce documents and records for the purpose of complying with the subchapter. N.J.A.C. 3:17-5.3 identifies the rules concerning the location of licensee books and records. N.J.A.C. 3:17-5.4 governs loan numbering and index requirements for consumer lenders, as well as the requirements that each consumer lender establish a complete file for each loan. N.J.A.C. 3:17-5.5 governs documentation of loans. N.J.A.C. 3:17-5.6 sets forth the required information to be contained in the file of a consumer lender or sales finance company when it has reduced a note to a judgment, as well as the requirement to maintain records of nonjudicial foreclosures of security. N.J.A.C. 3:17-5.7 sets forth the motor vehicle lien requirements for consumer lenders or sales finance companies. N.J.A.C. 3:17-5.8 sets forth the requirement that licensees retain a copy of each advertisement for at least two years after the last day on which any such advertisement was used. N.J.A.C. 3:17-5.9 provides that an official report of examination be submitted to the licensee. N.J.A.C. 3:17-5.10 provides for charges for investigation for persons not licensed by the Department. Finally, N.J.A.C. 3:17-5.11 provides that consumer lenders and sales finance companies shall file an annual report by May 1 of each year.

Subchapter 6 governs insurance matters for consumer lenders, including disclosures, recordkeeping, premium collection, refunds to borrowers of unearned premiums, and credit life insurance notifications and construction.

Subchapter 7 addresses advertising and insurance costs, verbal advertisements, and prohibited types of advertising.

Subchapter 8 identifies characteristics of loans. This subchapter includes provisions at N.J.A.C. 3:17-8.1 applicable to all loans (for example, repayment of consumer loan at any time without penalty; borrower given a copy of every document required to sign), and characteristics applicable only to consumer loans found at N.J.A.C. 3:17-8.2 (for example, repayment in substantially equal monthly installments of principal and interest).

Subchapter 9 concerns other lines of business for consumer lenders that may be performed in the same office as the consumer lending business. N.J.A.C. 3:17-9.1 provides that consumer lenders shall conduct only those business activities authorized pursuant to the consumer lending license, activities specified at N.J.A.C. 3:17-9.2, and those for which the consumer lender has obtained specific approval from the Commissioner as provided at N.J.A.C. 3:17-9.2. N.J.A.C. 3:17-9.2 sets forth those permitted activities not requiring specific approval by the Commissioner, so long as such business is conducted in accordance with other applicable laws. Those activities that a lender seeks to perform on the premises of the consumer lender office that are not itemized at N.J.A.C. 3:17-9.2(a) require approval from the Commissioner, which shall be sought in the manner set forth at N.J.A.C. 3:17-9.2(b), (c), and (d). Finally, N.J.A.C. 3:17-9.3 provides that the violations of these rules may result in suspension or revocation of a licensee's approval to engage in any of the business activities specified at N.J.A.C. 3:17-9.2.

Subchapter 10 sets forth the standards and process for the imposition of administrative penalties, including the initiation of administrative action, the consequences of an alleged violator's failure to respond to a notice, the penalties and provisions that may be included in a consent to an administrative penalty, and the requirements for an alleged violator's request for a hearing.

The Department has reviewed these rules and has determined that 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, these rules are hereby readopted and shall continue in effect for a seven-year period.

(a)

**DEPARTMENT OF BANKING AND INSURANCE
DIVISION OF BANKING**

**Notice of Readoption
Proposed Interstate Acquisition
Readoption: N.J.A.C. 3:33**

Authority: N.J.S.A. 17:1-15.e and 17:12B-278, 279, and 289.

Authorized By: Justin Zimmerman, Acting Commissioner,
Department of Banking and Insurance.

Effective Date: April 11, 2024.

New Expiration Date: April 11, 2031.

Take notice that pursuant to N.J.S.A. 52:14B-5.1, the rules at N.J.A.C. 3:33 were scheduled to expire on April 26, 2024. The rules require an out-of-State insured savings association or out-of-State savings and loan holding company that intends to acquire and retain control of a New Jersey insured savings association or New Jersey savings and loan holding company to file an application with the Department of Banking and Insurance (Department) for determination of compliance with the requirements at N.J.S.A. 17:12B-279.

The rules set forth the definitions of key terms at N.J.A.C. 3:33-1.1.

The application must contain information as set forth at N.J.A.C. 3:33-1.2. In accordance with N.J.A.C. 3:33-1.3, the Commissioner of Banking and Insurance (Commissioner) shall determine whether the applicant is an “eligible insured savings association” or “eligible savings and loan holding company” as defined at N.J.A.C. 3:33-1.1 and whether more than 50 percent of the deposits of the applicant’s subsidiaries are in insured subsidiaries located in an “eligible state,” as defined at N.J.A.C. 3:33-1.1. The rules require the Commissioner to determine whether to place any limitations or restrictions on the acquisition of a New Jersey insured savings association or New Jersey savings and loan holding company. N.J.A.C. 3:33-1.4 sets forth the fees associated with the application.

The Department has reviewed these rules and has determined that 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, these rules are hereby readopted and shall continue in effect for a seven-year period.

EDUCATION

(b)

**STATE BOARD OF EDUCATION
Controversies and Disputes**

Readoption with Amendments: N.J.A.C. 6A:3

Proposed: December 18, 2023, at 55 N.J.R. 2451(a).

Adopted: April 3, 2024, by the State Board of Education, Kevin
Dehmer, Acting Commissioner, Department of Education, and
Acting Secretary, State Board of Education.

Filed: April 8, 2024, as R.2024 d.043, **with non-substantial
changes** not requiring additional public notice and comment (see
N.J.A.C. 1:30-6.3).

Authority: N.J.S.A. 18A:6-9, 18A:6-10, 18A:7-4, 18A:7A-15,
18A:7A-42.a(3), 18A:7F-9, 18A:7F-12, 18A:11-3, 18A:12-29,
18A:20-36, 18A:26-10, 18A:28-8, 18A:29-4, 18A:29-14,
18A:33-2, 18A:38-1, 18A:38-13, 18A:39-28 et seq., 18A:54-4,
and 18A:60-1; and P.L. 2007, c. 260 and P.L. 2012, c. 26.

Effective Dates: April 8, 2024, Readoption;
May 6, 2024, Amendments.

Expiration Date: April 8, 2031.

Summary of Public Comments and Agency Responses:

The following is a summary of the comments received from members of the public and the Department of Education’s (Department) responses:

1. Kaitlyn Dunphy, Esq., Associate Director of Legal Services/Member Rights, New Jersey Education Association

1. COMMENT: The commenter requested that the Department amend N.J.A.C. 6A:3-5.1(b)3 and 4 and (c)3 to afford tenured employees more time to respond to tenure charges filed by superintendents with district boards of education. Specifically, the commenter proposed providing tenured employees 15 days instead of 10 days to respond to inefficiency charges, and 21 days instead of 15 days to respond to other charges. The commenter asserted that extending the deadlines would give tenured employees adequate time to competently respond to tenure charges, which are often lengthy and nuanced.

RESPONSE: The Department declines to extend the deadlines as requested by the commenter. The Department maintains that the current deadlines provide tenured employees with ample time to competently respond to tenure charges. Moreover, N.J.S.A. 18A:6-13 requires district boards of education to make determinations regarding tenure charges within 45 days after receipt of the charges, or else the charges are deemed dismissed. Altering the deadlines for responses as requested could hinder the ability of district boards of education to comply with the 45-day timeframe imposed by the Legislature.

Summary of Agency-Initiated Changes:

1. The Department is changing the definition of “district board of education” at N.J.A.C. 6A:3-1.2 because the “or” following “county special services school district” was incorrectly removed during the editing process. The “or” is required to restore the definition’s original and intended meaning.

2. The Department is changing N.J.A.C. 6A:3-1.14(a) to delete the commas inserted before and after “in writing” because the commas were incorrectly inserted during the editing process.

Federal Standards Statement

The rules readopted with amendments are not inconsistent and do not exceed any Federal standard or requirement because no Federal standard or requirement addresses the chapter’s rules.

Full text of the readopted rules can be found in the New Jersey Administrative Code at N.J.A.C. 6A:3.

Full text of the adopted amendments follows (additions to proposal indicated in boldface with asterisks ***thus***; deletions from proposal indicated in brackets with asterisks *[thus]*):

SUBCHAPTER 1. GENERAL PROVISIONS

6A:3-1.1 Purpose and scope

(a)-(c) (No change.)

(d) This chapter shall not apply to appeals of decisions of the State Board of Examiners suspending or revoking teaching certificates, decisions of the School Ethics Commission finding violation of the School Ethics Act, or interlocutory decisions of the State Board of Examiners or the School Ethics Commission. In accordance with P.L. 2008, c. 36, such appeals and requests shall be made pursuant to N.J.A.C. 6A:4.

(e) This chapter shall not apply to disputes concerning streamline tenure of charter school employees. In accordance with N.J.S.A. 18A:36A-14.e, such appeals shall be made pursuant to N.J.A.C. 6A:11-6.4.

6A:3-1.2 Definitions

The words and terms used in this chapter shall have the following meanings, unless the context clearly indicates otherwise:

“Contested case” means an adversarial proceeding in which the legal rights, duties, obligations, privileges, benefits, or other legal relations of specific parties are required to be adjudicated by the Commissioner after opportunity for agency hearing pursuant to N.J.S.A. 18A:6-9, 52:14B-1 et