

# RULE ADOPTIONS

## DEPARTMENT OF BANKING AND INSURANCE

(a)

### DIVISION OF BANKING

#### Notice of Readoption Safe and Sound Methods of Banking

#### Readoption: N.J.A.C. 3:7

Authority: N.J.S.A. 17:1-15.e, 17:9A-256, 17:9A-260, 17:12B-73, 17:12B-171, 17:12B-172, 17:12B-176, and 17:12B-319.

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

Effective Date: April 7, 2025.

New Expiration Date: April 7, 2032.

**Take notice** that pursuant to N.J.S.A. 52:14B-5.1, the rules at N.J.A.C. 3:7 were scheduled to expire on May 10, 2025. The rules promote safe and sound banking methods.

N.J.A.C. 3:7-1 requires any bank, savings bank, or State association that permits counsel to handle funds to procure an endorsement rider to its fidelity bond procured pursuant to N.J.S.A. 17:9A-115 or 17:12B-73.

N.J.A.C. 3:7-2 requires a bank, savings bank, or State association to periodically review fire insurance policies supporting loans secured by mortgages and real estate owned by them, or use other prudent means instead of periodic review, to protect itself from exposure to loss from insufficient insurance coverage. Additionally, a bank, savings bank, or State association must retain and file closing statements and must annually verify the payment of real estate taxes by its mortgage borrowers.

N.J.A.C. 3:7-3 sets forth, among other things, the definitions of terms used in the subchapter, the time period in which an examination must commence, the requirements for the confirmation of deposits and debts, the exclusions from the confirmation program, the terms governing the confirmation by internal auditors, the provisions for sampling to achieve a satisfactory confirmation level, the performance and frequency of examination scope, and the minimum audit scope to be performed in a bank and savings bank.

N.J.A.C. 3:7-4 remains reserved.

N.J.A.C. 3:7-5 sets forth the definitions of terms used therein and establishes the procedures for every director and executive officer of a bank, savings bank, or State association to submit a "statement of interest" to the Department of Banking and Insurance (Department) that discloses the business interest of the director or officer or his or her family with the institution.

The Department has reviewed N.J.A.C. 3:7 and has determined that the existing rules continue to be necessary, reasonable, and proper for the purpose for which they were originally promulgated. Accordingly, pursuant to N.J.S.A. 52:14B-5.1(c)(1), these rules are readopted and shall continue in effect for a seven-year period.

## COMMUNITY AFFAIRS

(b)

### NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY

#### New Jersey Housing and Mortgage Finance Agency Rules

**Adopted Amendments: N.J.A.C. 5:80-1.3, 8.4, 13.3, 13.4, 13.6, 13.9, 14.4, 14.5, 14.6, 14.8, 21.1, and 21.2**

**Adopted New Rule: N.J.A.C. 5:80-21.2**

**Adopted Repeals: N.J.A.C. 5:80-13.2, 13.8, 14.1, 14.2, 14.3, and 14.7**

Proposed: November 18, 2024, at 56 N.J.R. 2215(a).

Adopted: April 4, 2025, by New Jersey Housing and Mortgage Finance Agency, Melanie R. Walter, Executive Director.

Filed: April 5, 2025, as R.2025 d.053, **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. 55:14K-5.g.

Effective Date: May 5, 2025.

Expiration Date: May 30, 2031.

#### Summary of Public Comment and Agency Responses:

The New Jersey Housing and Mortgage Finance Agency (Agency) received one comment from Jean Public.

1. COMMENT: The commenter states that they are "opposed to most of the changes ... [T]he gov[ernment] should not be in the banking business[.]" opining that government-operated businesses are "run poorly compared to private businesses."

RESPONSE: The Agency acts within the scope of the powers granted to it by the Legislature in the New Jersey Housing and Mortgage Finance Agency Law of 1983, N.J.S.A. 55:14K-1 et seq., specifically 55:14K-5. To the extent the commenter objects to those powers authorizing the Agency to engage in the "banking business," the commenter's concerns should be addressed to the Legislature. An evaluation of the merits of governmental enterprises vis-à-vis private businesses is beyond the scope of this rulemaking.

2. COMMENT: "[A]s to subchapter general-opposed[.]"

RESPONSE: The Agency assumes the commenter is referring to proposed amendments at Subchapter 1, General Provisions. Without a basis being stated for the commenter's opposition, the Agency cannot meaningfully respond to the comment. The Agency stands behind and adopts the proposed amendments at Subchapter 1.

3. COMMENT: "[A]s to subchapter 13 [I] oppose 2, 3, 4, 5 and 6[.]"

RESPONSE: Without a basis being stated for the commenter's opposition, the Agency cannot meaningfully respond to the comment. The Agency stands behind and adopts the proposed amendments and repeals at Subchapter 13.

4. COMMENT: "[A]s to subchapter 14 [I] opposed [sic] 7, 8, 9, 10, 11[.]"

RESPONSE: Without a basis being stated for the commenter's opposition, the Agency cannot meaningfully respond to the comment. The Agency stands behind and adopts the proposed amendments and repeals at Subchapter 14.

5. COMMENT: "[A]s to subchapter 21 . . . [I] oppose 12, 13, 14, 15[.]"

RESPONSE: Without a basis being stated for the commenter's opposition, the Agency cannot meaningfully respond to the comment. The Agency stands behind and adopts the proposed amendments and new rule at Subchapter 21.

6. COMMENT: "[A]s to social impact[.] the result will be higher taxes for [New Jersey] citizens."