Sponsored by:
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SYNOPSIS
“Appraisal Management Company Registration and Regulation Act.”

CURRENT VERSION OF TEXT
Substitute as adopted by the Assembly Appropriations Committee.
AN ACT concerning the regulation of appraisal management companies, and amending and supplementing P.L.1991, c.68.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. (New section) Sections 1 through 23 and section 25 of this act shall be known and may be cited as the “Appraisal Management Company Registration and Regulation Act.”

2. (New section) The Legislature finds and declares that it is in the public interest to establish registration requirements for real estate appraisal management companies that employ, contract, retain or otherwise utilize the services of licensed and certified real estate appraisers to provide appraisal services in New Jersey. This act is intended to provide the State Real Estate Appraiser Board with authority to implement certain provisions of amendments in the Mortgage Reform and Anti-Predatory Lending Act of 2010, Pub.L.111-203, Subtitle F. Sec.1473(2) adding Section1124 to Title XI of the federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (12 U.S.C. 3353) (FIRREA), and the Truth in Lending Act, Pub.L.90-321 (15 U.S.C. 1601 et seq.), which amendments give certain authority and responsibilities to the board.

3. (New section) As used in this act:
   “Administrative Quality Control Examination” means an examination of an appraisal report for compliance and completeness including grammatical, typographical, or other similar errors, which may be performed by a person who is not a State certified or licensed real estate appraiser, but which shall not include unbiased analysis, opinion or conclusion relating to the nature, quality, value or utility of specified interests in, or aspects of, real estate, or any similar function of appraisal practice, including but not limited, to those functions in the performance of an appraisal review.
   “Affiliate” means any company that controls, is controlled by, or is under common control of another company.
   “AMC National Registry” means the registry of state-registered appraisal management companies and federally regulated appraisal management companies maintained by the Appraisal Subcommittee.
   “Appraisal Foundation” means the Appraisal Foundation established on November 30, 1987, as a not-for-profit corporation under the laws of Illinois.
   “Appraisal” or “real estate appraisal” means the same as that term is defined pursuant to section 2 of P.L.1991, c.68 (C.45:14F-2), and shall be specifically construed to include appraisal reviews

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.
performed by, for, and on behalf of an appraisal management company.

“Appraisal management company” or “AMC” means a person that:

1. provides appraisal management services to creditors or to secondary mortgage market participants, including affiliates;
2. provides such services in connection with valuing a consumer’s principal dwelling as security for a consumer credit transaction or incorporating such transactions into securitizations; and
3. within a 12-month calendar year, oversees an appraiser panel of more than 15 state-certified or state-licensed appraisers in New Jersey or 25 or more state-certified or state-licensed appraisers in two or more states.

An AMC does not include a department or division of an entity that provides appraisal management services only to that entity.

“Appraisal management services” means one or more of the following:

1. recruiting, selecting, and retaining appraisers;
2. contracting with state-certified or state-licensed appraisers to perform appraisal assignments;
3. managing the process of having an appraisal performed, including providing administrative services, such as receiving appraisal orders and appraisal reports, submitting completed appraisal reports to creditors and secondary market participants, collecting fees from creditors and secondary market participants for services provided, and paying appraisers for services performed; and
4. reviewing and verifying the work of appraisers.

“Appraiser panel” means a network, list, or roster of licensed or certified appraisers approved by an AMC to perform appraisals as independent contractors for the AMC. Appraisers on an AMC’s “appraiser panel” include both appraisers accepted by the AMC for consideration for future appraisal assignments in covered transactions or for secondary mortgage market participants in connection with covered transactions, and appraisers engaged by the AMC to perform one or more appraisals in covered transactions or for secondary mortgage market participants in connection with covered transactions. An appraiser is an independent contractor if the appraiser is treated as an independent contractor by the AMC for purposes of federal income taxation.

“Appraisal review” means the act or process of developing and communicating an opinion about the quality of another appraiser’s work that was performed as part of an appraisal assignment related to the appraiser’s data collection, analysis, opinions, conclusions, estimate of value, or compliance with the Uniform Standards of Professional Appraisal Practice. This term does not include:
(1) a general examination for grammatical, typographical, or other similar errors; or

(2) a general examination for completeness, including regulatory or client requirements as specified in the agreement process that does not communicate an opinion of value.

“Appraiser” means a State certified real estate appraiser, State certified general or residential real estate appraiser, or State licensed real estate appraiser, as those terms are defined pursuant to section 2 of P.L.1991, c.68 (C.45:14F-2).

“Board” means the State Real Estate Appraiser Board established pursuant to section 3 of P.L.1991, c.68 (C.45:14F-3).

“Consumer credit” means credit offered or extended to a consumer primarily for personal, family, or household purposes.

“Controlling person” means:

(1) an officer, director, or owner of greater than a 10 percent interest, of a corporation, partnership or other business entity, seeking to act as an appraisal management company in this State; (2) an individual employed, appointed, or authorized by an appraisal management company who has the authority to enter into a contractual relationship with other persons for the performance of services requiring registration as an appraisal management company and has the authority to enter into agreements with appraisers for the performance of appraisals; or (3) an individual who possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of an appraisal management company.

“Covered transaction” means any consumer credit transaction secured by the consumer’s principal dwelling.

“Creditor” means:

(1) a person who regularly extends consumer credit that is subject to a finance charge or is payable by written agreement in more than four installments, not including a down payment, and to whom the obligation is initially payable, either on the face of the note or contract, or by agreement when there is no note or contract; or (2) a person who regularly extends consumer credit if the person extended credit, other than credit subject to the requirements of 12 CFR1026.32, more than five times for transactions secured by a dwelling in the preceding calendar year; if a person did not meet these numerical standards in the preceding calendar year, the numerical standards shall be applied to the current calendar year. A person regularly extends consumer credit if, in any 12-month period, the person originates more than one credit extension that is subject to the requirements of 12 CFR1026.32 or one or more such credit extensions through a mortgage broker.

“Dwelling” means a residential structure that contains one to four units, whether or not that structure is attached to real property, including an individual condominium unit, cooperative unit, mobile
home, or trailer, if it is used as a residence. A consumer can have
only one principal dwelling at a time; a vacation or other second
home is not considered a principal dwelling. However, if a
consumer buys or builds a new dwelling that will become the
consumer’s principal dwelling within one year or upon the
completion of construction, the new dwelling is considered the
principal dwelling for purposes of this definition.

“Employee relocation management company” means a business
entity whose exclusive business services are not for mortgage
purposes but include the relocation of employees as an agent or
contractor for the employer or the employer’s agent for the
purposes of determining an anticipated sales price of the residence
of an employee being relocated by the employer in the course of its
business.

“Federal financial institution regulatory agencies” includes the
Consumer Financial Protection Bureau, Board of Governors of the
Federal Reserve System, the Federal Deposit Insurance
Corporation, the Federal Housing Finance Agency, the Office of the
Comptroller of the Currency, and the National Credit Union
Administration.

“Federally regulated AMC” means an AMC that is owned and
controlled by an insured depository institution, as defined in 12
U.S.C. 1813 and regulated by the Office of the Comptroller of the
Currency, the Board of Governors of the Federal Reserve System,
or the Federal Deposit Insurance Corporation.

“Federally related transaction” means the same as that term is
defined pursuant to section 2 of P.L.1991, c.68 (C.45:14F-2).

“Federally related transaction regulations” means regulations
established by the Office of the Comptroller of the Currency, the
Board of Governors of the Federal Reserve System, the Federal
Deposit Insurance Corporation, or the National Credit Union
Administration, pursuant to sections 1112, 1113, and 1114 of

“Person” means a natural person or an organization, including a
corporation, partnership, proprietorship, association, cooperative,
estate, trust, or government unit.

“Real estate-related financial transaction” means any transaction
involving the sale, lease, purchase, investment in, or exchange of
real property, including interests in property or the financing
thereof:

(1) the refinancing of real property or interests in real property.
(2) the use of real property or interests in property as security
for a loan or investment, including mortgage-backed securities.

“Secondary mortgage market participant” means a guarantor or
insurer of mortgage-backed securities, or an underwriter or issuer of
mortgage-backed securities. Secondary mortgage market participant
only includes an individual investor in a mortgage-backed security
if that investor also serves in the capacity of a guarantor, insurer, underwriter, or issuer for the mortgage-backed security.

“Uniform Standards of Professional Appraisal Practice” means the current standards of the appraisal profession, developed for appraisers and users of appraisal services by the Appraisal Standards Board of the Appraisal Foundation, in accordance with the standards established by the board as provided under subsection g. of section 8 of P.L.1991, c.68 (C.45:14F-8).

4. (New section) The board shall have the authority to adopt rules that are reasonably necessary to establish an AMC licensing program and implement, administer, and enforce the provisions set forth under this section.

a. The board shall have the legal authority and mechanisms to:
   (1) review, and approve or deny an AMC’s application for initial registration;
   (2) review and renew, or review and deny an AMC’s registration periodically;
   (3) examine the books and records of an AMC operating in the State and require the AMC to submit reports, information, and documents;
   (4) verify that the appraisers on the AMC’s appraiser panel hold valid State certifications or licenses, as applicable;
   (5) conduct investigations of AMCs to assess potential violations of applicable appraisal-related laws, regulations, or orders;
   (6) discipline, suspend, terminate, or deny renewal of the registration of an AMC that violates applicable appraisal-related laws, regulations, or orders; and
   (7) report an AMC’s violation of applicable appraisal-related laws, regulations, or orders, as well as disciplinary and enforcement actions and other relevant information about an AMC’s operations, to the Appraisal Subcommittee.

b. The board shall impose requirements on AMCs that are not owned and controlled by an insured depository institution and not regulated by a federal financial institution regulatory agency to:
   (1) register with and be subject to supervision by the State appraiser certifying and licensing agency;
   (2) engage only State-certified or State-licensed appraisers for federally related transactions in conformity with any federally related transaction regulations;
   (3) establish and comply with processes and controls reasonably designed to ensure that the AMC, in engaging an appraiser, selects an appraiser who is independent of the transaction and who has the requisite education, expertise, and experience necessary to competently complete the appraisal assignment for the particular market and property type;
(4) direct the appraiser to perform the assignment in accordance with USPAP; and
(5) establish and comply with processes and controls reasonably designed to ensure that the AMC conducts its appraisal management services in accordance with the requirements of section 129E(a)-(i) of the Truth in Lending Act, 15 U.S.C. 1639e(a)-(i), and regulations promulgated thereunder.

5. (New section) For purposes of determining whether, within the 12-month period defined by the State, an AMC oversees an appraiser panel of more than 15 state-certified or state-licensed appraisers in New Jersey or 25 or more state-certified or state-licensed appraisers in two or more states, pursuant to the definition of “AMC” as defined in section 3 of this act.
   a. An appraiser is deemed part of the AMC’s appraiser panel as of the earliest date on which the AMC:
      (1) accepts the appraiser for the AMC’s consideration for future appraisal assignments in covered transactions or for secondary mortgage market participants in connection with covered transactions; or
      (2) engages the appraiser to perform one or more appraisals on behalf of a creditor for covered transactions or secondary mortgage market participant in connection with covered transactions.
   b. An appraiser who is deemed part of the AMC’s appraiser panel pursuant to subsection a. of this section is deemed to remain on the panel until the date on which the AMC:
      (1) sends written notice to the appraiser removing the appraiser from the appraiser panel, with an explanation of its action; or
      (2) receives written notice from the appraiser asking to be removed from the appraiser panel or notice of the death or incapacity of the appraiser.
   c. If an appraiser is removed from an AMC’s appraiser panel pursuant to subsection b. of this section, but the AMC subsequently accepts the appraiser for consideration for future assignments or engages the appraiser at any time during the 12 months after the appraiser’s removal, the removal will be deemed not to have occurred, and the appraiser will be deemed to have been part of the AMC’s appraiser panel without interruption.
   d. Prior to assigning appraisal orders, an appraisal management company shall have a system in place to verify that a person being added to the appraiser panel holds the appropriate appraiser credential in good standing.

6. (New section) a. No person shall, directly or indirectly, engage or attempt to engage in business as an appraisal management company, or advertise or hold itself out as engaging in or conducting business as an appraisal management company
without first obtaining a registration issued by the board under the provisions of this act.

b. The registration required by subsection a. of this section shall include the following written information on a form prescribed by the board and which shall be certified by the compliance officer of the appraisal management company:

(1) The name of the entity or individual seeking registration, and the fictitious name or names, if any, under which it does business in any state;

(2) The business address of the entity or individual seeking registration;

(3) The telephone number of the entity or individual seeking registration;

(4) The name and contact information for the individual’s or entity’s agent for service of process in this State, if the entity or individual is not a corporation that is domiciled in this State;

(5) The name, address, and contact information for any individual or any corporation, partnership, or other business entity that owns 10 percent or more of the appraisal management company;

(6) The name, address, and telephone number for one controlling person designated as the main contact for all communication between the appraisal management company and the board;

(7) A certification that the entity or individual has a system and process in place to verify that a person being added to the appraiser panel of the appraisal management company holds a license or certification in good standing in this State pursuant to the “Real Estate Appraisers Act,” P.L.1991, c.68 (C.45:14F1 et seq.);

(8) A certification that the entity or individual requires appraisers completing appraisals, including but not limited to appraisals and appraisal reviews, at its request to comply with the Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Standards Board of the Appraisal Foundation, including the requirements for geographic and product competence;

(9) A certification that the entity or individual has a system in place to verify that only licensed or certified appraisers are used for federally related transactions;

(10) A certification that the entity or individual has a system in place to require that appraisals are conducted independently and free from inappropriate influence and coercion as required by the appraisal independence standards established under section 1639e of the federal Truth in Lending Act, Pub.L.90-321 (15 U.S.C. s.1639e), including the requirements for payment of customary and reasonable compensation to fee appraisers when the appraisal management company is providing services for a consumer credit transaction secured by the principal dwelling of a consumer;
(1) A certification by the board that the entity maintains a
detailed record of each service request that it receives and the name
of the appraiser that performs the residential real estate appraisal
services for the appraisal management company;
(2) Whenever applicable, an irrevocable Uniform Consent to
Service of Process pursuant to section 8 of this act; and
(3) Any other information as required by the board that is
reasonably necessary to implement this act.
c. An application for the renewal of a registration shall include
information substantially similar to that required under subsection
b. of this section for an initial registration, as determined by the
board.

7. (New section) The provisions of this act:
a. shall apply to an appraisal management company in
accordance with section 1124(a), (b) and (c) of Subtitle F of the
Mortgage Reform and Anti-Predatory Lending Act of 2010,
Pub. L. 111-203, amending the Financial Institutions Reform
Recovery and Enforcement Act (12 U.S.C. s 3353 (a), (b), (c)); and
b. shall not apply to:
(1) an employee relocation management company in the course
of employee relocation pursuant to its relocation policy; or
(2) a person or entity that exclusively employs appraisers on an
employer and employee basis for the performance of appraisals for
a variety of clients or intended uses of the appraisal other than
mortgage lending consumer credit transactions secured by a
consumer’s principal dwelling.

8. (New section) An entity or individual applying for a
registration as an appraisal management company that is not
domiciled in this State shall complete an irrevocable Uniform
Consent to Service of Process, as prescribed by the board.

9. (New section) a. The board shall establish by regulation
an application fee to be paid by each appraisal management
company seeking registration under this act that is sufficient for the
administration of the registration process, but in no case shall the
fee be more than $2,500.
b. A processing fee, similar to that provided for in subsection a.
of this section not to exceed $2,500, may be charged by the board in
connection with the renewal of a registration.
c. A registration granted by the board pursuant to this act shall
be effective for a one-year period and may be renewed annually.
d. The board shall require of each appraisal management
company seeking registration a surety bond of $25,000.
e. All fees paid by appraisal management companies shall be
dedicated to use by the board for regulation of appraisal
management companies and State certified and licensed real estate appraisers regulated by the board pursuant to State and federal law.

10. (New section) a. An appraisal management company applying to the board for registration in this State shall not:
   (1) in whole or in part, directly or indirectly, be owned by any person who has had an appraiser license or certificate in this State or in any other state, refused, denied, cancelled, surrendered in lieu of revocation, or revoked;
   (2) be more than 10 percent owned by a person who is not of good moral character, which for purposes of this section shall require that such person has not been convicted of, or entered a plea of nolo contendere to, a crime relating to the practice of appraisal or any crime involving financial services, fraud, misrepresentation or moral turpitude.

b. For purposes of paragraph (2) of subsection a. of this section, each owner of more than 10 percent of an appraisal management company shall submit to a background investigation to be carried out by the board, in accordance with standards as established by the board by regulation.

11. (New section) An appraisal management company applying to the board for registration in this State shall designate one controlling person that will be the designated contact for all communication between the board and the appraisal management company.

12. (New section) A violation of this section may constitute grounds for discipline against an appraisal management company registered in this State. However, nothing in this act shall be construed as preventing an appraisal management company from requesting that an appraiser provide additional information about the basis for a valuation, correct objective factual errors in an appraisal report, or consider additional appropriate property information. No employee, director, officer, agent, independent contractor, or other third party acting on behalf of an appraisal management company shall do any of the following:
   a. procure or attempt to procure a registration or renewal by knowingly making a false statement, submitting false information, or refusing to provide complete information in response to a question in an application for registration or renewal;
   b. willfully violate this act or rules of the board pertaining thereto;
   c. improperly influence or attempt to improperly influence the development, reporting, result, or a review of an appraisal through intimidation, coercion, extortion, bribery, or any other manner, including:
      (1) withholding payment for appraisal services;
threatening to exclude an appraiser from future work or threatening to demote or terminate in order to improperly obtain a desired result;

(3) conditioning payment of an appraisal fee upon the opinion, conclusion, or valuation to be reached; or

(4) requesting that an appraiser report a predetermined opinion, conclusion, or valuation or the desired valuation of any person or entity;

d. alter, amend, or change an appraisal report submitted by an appraiser without the appraiser's knowledge and written consent;

e. except within the first 90 days after an independent appraiser is added to an appraiser panel, remove an independent appraiser from an appraiser panel without prior written notice to the appraiser, with the prior written notice including evidence of the following, if applicable:

(1) the appraiser's illegal conduct;

(2) a violation of Uniform Standards of Professional Appraiser Practice, this act or the rules adopted by the board;

(3) improper or unprofessional conduct; and

(4) substandard performance or other substantive deficiencies;

f. require an appraiser to sign any indemnification agreement that would require the appraiser to defend and hold harmless the appraisal management company or any of its agents or employees for any liability, damage, losses, or claims arising out of the services performed by the appraisal management company or its agents, employees, or independent contractors and not the services performed by the appraiser;

g. prohibit lawful communications between the appraiser and any other person who the appraiser, in the appraiser's professional judgment, believes possesses information that would be relevant;

h. engage in any other act or practice that impairs or attempts to impair a real estate appraiser's independence, objectivity, and impartiality;

i. fail to timely respond to any subpoena or any other request for information;

j. fail to timely obey an administrative order of the board; or

k. fail to fully cooperate in any investigation.

13. (New section) An employee of, or independent contractor to, an appraisal management company that performs a Uniform Standards of Professional Appraisal Practice Standard 3 review of an appraisal report on property located in this State shall be an appraiser with the proper level of licensure, as prescribed pursuant to P.L.1991, c.68 (C.45:14F-1 et seq.). The provisions of this section shall not apply to any individual conducting an Administrative Quality Control Examination.
14. (New section) a. With respect to reporting requirements for non-federally regulated appraisal management companies, the board will collect from each AMC registered or seeking to be registered in the State the information and fees that the Appraisal Subcommittee requires to be submitted to it by the State pursuant to regulations or guidance promulgated by the Appraisal Subcommittee.

b. With respect to reporting requirements for federally regulated appraisal management companies: a federally regulated AMC operating in the State shall report to the board the information required to be submitted by the State to the Appraisal Subcommittee, pursuant to the Appraisal Subcommittee’s policies regarding the determination of the AMC National Registry fee. These reporting requirements will be set forth by the board by rule, and shall include:

(1) a report to the board on a form prescribed by the board of intent to operate in this State;

(2) information related to whether the AMC is owned in whole or in part, directly or indirectly, by any person who has had an appraiser license or certificate refused, denied, cancelled, surrendered in lieu of revocation, or revoked in any state for a substantive cause, as determined by the Appraisal Subcommittee; and

(3) if a person has had action taken on his or her appraisal license, the board shall collect information related to whether the license was revoked for a substantive cause and if it has been reinstated by the state or states in which the appraiser was licensed or certified.

15. (New section) An appraisal management company seeking to be registered in this State shall certify to the board, annually, that:

a. requires appraisers completing appraisals, including appraisal reviews, at its request to comply with the Uniform Standards of Professional Appraisal Practice, including the requirements for geographic and product competence;

b. has a system in place to verify that only licensed or certified appraisers are used for appraisals covered under this act, including, but not limited to, those performed for federally related transactions, and appraisals pursuant to the provisions of the “Real Estate Appraisers Act,” P.L.1991, c.68 (C.45:14F-1 et seq.);

c. has a system in place to verify that an individual on the appraiser panel has not had a license or certification as an appraiser refused, denied, cancelled, revoked, or surrendered in lieu of a pending revocation.

d. has a system in place to require that appraisals are conducted independently and free from inappropriate influence and coercion as required by the appraisal independence standards established under
section 1639e of the federal Truth in Lending Act, Pub.L.90-321 (15 U.S.C. s.1639e), including the requirements for payment of customary and reasonable compensation to fee appraisers when the appraisal management company is providing services for a consumer credit transaction secured by the principal dwelling of a consumer; and

e. is in compliance with State laws and regulations.

16. (New section) This act adopts by reference the appraiser independence standards established under section 1639e of the federal Truth in Lending Act, Pub.L.90-321 (15 U.S.C. s.1639e), including:

a. the requirements for payment of customary and reasonable compensation to fee appraisers when the appraisal management company is providing services for a consumer credit transaction secured by the principal dwelling of a consumer; and

b. all necessary enforcement and remedies available under the federal Truth in Lending Act, Pub.L.90-321 (15 U.S.C. 1601 et seq.).

17. (New section) An appraisal management company seeking to be registered in this State shall certify to the board, annually, by submission of a statement signed by the appraisal management company, that it maintains a detailed record of each service request that it receives and the name of the appraiser that performs the appraisal for the appraisal management company. Records shall be retained for a period of at least five years after an appraisal is completed or two years after final disposition of a judicial proceeding related to the assignment, whichever period expires later.

18. (New section) Any State certified or licensed appraiser performing an appraisal assignment, including an appraisal review, for an appraisal management company, shall be responsible to ensure that the conduct of non-appraiser assistance is compatible with the professional responsibilities of the appraiser under federal and State laws and regulations, including but not limited to, conformance with the Uniform Standards of Professional Appraisal Practice. Non-appraiser assistance, shall include, but not be limited to, administrative quality control reviewers, who are agents of, contracted by, employees of, or whose services are otherwise utilized by an appraisal management company, appraiser, or organization.

19. (New section) a. The board shall issue a unique registration number to each appraisal management company that is registered in this State.
b. The board shall maintain a published list of the appraisal management companies that have registered with the board pursuant to this act and have been issued a registration number pursuant to subsection a. of this section.

c. An appraisal management company registered in this State shall disclose the registration number provided to it by the board on any engagement documents presented to the appraiser.

d. Every appraisal performed pursuant to this act shall contain both the appraisal management company registration number and the amount of the fee received by the appraiser for performance of that appraisal.

20. (New section) a. Except within the first 90 days after an appraiser is first added to the appraiser panel of an appraisal management company, an appraisal management company shall not remove an appraiser from its appraiser panel, or otherwise refuse to assign requests for real estate appraisal services to an appraiser without:

   (1) notifying the appraiser in writing of the reasons why the appraiser is being removed from the appraiser panel of the appraisal management company;

   (2) notifying the appraiser of the nature of any alleged conduct or violation, if the appraiser is being removed from the panel for illegal conduct, violation of the Uniform Standards of Professional Appraisal Practice, or a violation of State licensing standards;

   (3) providing the appraiser with any evidence, upon which removal is based, including, but not limited to, any appraisal, appraisal review or appraisal consulting report; and

   (4) providing an opportunity for the appraiser to respond to the notification of the appraisal management company.

Any act of a State certified or licensed real estate appraiser, which constitutes a material violation of the Uniform Standards of Professional Appraisal Practice in the process described in this section, shall be considered prima facie evidence of a violation of the ethics requirements under the Uniform Standards of Professional Appraisal Practice. A material violation, for the purposes of this section, is one that is likely to affect the value estimated in any appraisal utilized in this section, or any other act that reflects on the professional conduct of the appraiser; however, the board shall not be involved in contractual disputes between an appraisal management company and an individual appraiser.

b. An appraiser that is removed from the appraiser panel of an appraisal management company for alleged illegal conduct, violation of the Uniform Standards of Professional Appraisal Practice or violation of State licensing standards may file a complaint with the board for review of the decision of the appraisal management company. The scope of the board’s review in any such case shall be limited to determining whether the appraisal
management company has complied with the provisions of subsection a. of this section and whether illegal conduct, a violation of the Uniform Standards of Professional Appraisal Practice, or a violation of State licensing standards has occurred.

c. If an appraiser files a complaint against an appraisal management company pursuant to subsection b. of this section, the board shall adjudicate the complaint within 180 days of receiving the complaint.

d. If after opportunity for hearing and review, the board determines that an appraisal management company acted improperly in removing the appraiser from the appraiser panel, or that the appraiser did not commit a violation of law, a violation of the Uniform Standards of Professional Appraisal Practice, or a violation of State licensing standards, the board shall:

(1) provide written findings to the involved parties; and

(2) provide an opportunity for the appraisal management company and appraiser to respond to the findings.

e. Upon board review of the appraisal management company and appraiser responses pursuant to paragraph (2) of this subsection to the board findings in paragraph (1) of this subsection, the following shall occur:

(1) if the board issues a final finding of no reasonable justification for removal of the appraiser from the appraisal management company approved appraiser list by preponderance of the evidence, the board may order that the appraisal management company take certain corrective actions, including, but not limited to, appraiser reinstatement, a fine, suspension or other actions against the appraisal management company under the board’s authority in accordance with the “Real Estate Appraisers Act,” P.L.1991, c.68 (C.45:14F-1 et seq.); or

(2) if there is a finding by a preponderance of the evidence that the appraisal management company has properly removed the appraiser from the approved appraiser list, then the board may issue a finding that the appraisal management company was justified in such removal and the board may consider disciplinary action against the appraiser.

21. (New section) a. An appraisal management company shall inform the board when the appraisal management company has a reasonable basis to believe that an appraiser has committed a material violation of:

(1) the Uniform Standards of Professional Appraisal Practice;

(2) applicable laws; or

(3) ethical or professional conduct.

b. An appraisal management company shall provide the board with all information in the possession of the appraisal management company in support of any information compiled against an appraiser under this section, including any evidence to support the
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determination that an appraisal management company has probable
2 cause of a material violation as defined in subsection a. of this
3 section.
4 For the purposes of this section, a material violation is one that is
5 likely to affect the value assigned to a consumer’s principal
dwelling.
6
7 22. (New section) Each appraisal management company shall,
8 except in bona fide cases of breach of contract or substandard
9 performance of services, make payment to an appraiser for the
10 completion of an appraisal or valuation assignment within 60 days
11 of the date on which the appraiser transmits or otherwise provides
12 the completed appraisal or valuation study to the appraisal
13 management company or its assignee unless a mutually agreed upon
14 alternate arrangement has been previously established, which
15 agreement shall be considered to be under the appraiser
16 independence requirements of section 1639e of the federal Truth in
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19 23. (New section) a. The board may suspend or revoke any
20 registration issued under this act, levy fines, or impose civil
21 penalties if, after appropriate investigation, the board concludes that
22 an appraisal management company is attempting to perform,
23 performed, or has attempted to perform any of the following:
24 (1) Any action in violation of this act or regulations adopted
25 hereunder;
26 (2) Any action in violation of the “Real Estate Appraisers Act,”
27 P.L.1991, c.68 (C.45:14F-1 et seq.), or regulations adopted
28 thereunder; or
29 (3) Procuring a registration for itself or any other person by
30 fraud, misrepresentation, or deceit.
31 b. When deciding whether to impose a sanction, determining
32 the sanction that is most appropriate in a specific instance, or
33 making any other discretionary decision regarding the enforcement
34 of this act, the board may consider whether an appraisal
35 management company:
36 (1) Has an effective program reasonably designed to ensure
37 compliance with this act;
38 (2) Has taken prompt and appropriate steps to correct and
39 prevent the recurrence of any detected violations; and
40 (3) Has independently reported to the board any significant
41 violations or potential violations of this act, prior to an imminent
42 threat of disclosure or investigation and within a reasonably prompt
43 time after becoming aware of their occurrence.
44 c. The board shall conduct random audits of appraisal
45 management company compliance with this act, and those audits
46 shall be funded through the various fees charged to appraisal
47 management companies as set forth in this act, but an appraisal
management company that timely files a certification of compliance in accordance with the provisions of this act shall have a presumption of compliance if that certification is accompanied by a legal opinion letter indicating that all compliance requirements have been satisfied.

d. Whenever the board finds cause to refuse to renew, suspend or revoke any registration, or to levy a fine or impose a civil penalty, the board shall notify the registrant of the reasons therefor, in writing, and provide opportunity for a hearing in accordance with the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.).

24. Section 3 of P.L.1991, c.68 (C.45:14F-3) is amended to read as follows:

3. There is created within the Division of Consumer Affairs in the Department of Law and Public Safety a State Real Estate Appraiser Board. The board shall consist of nine members who are residents of the State, two of whom shall be public members and one of whom shall be a State executive department member appointed pursuant to the provisions of section 2 of P.L.1971, c.60 (C.45:1-2.2). Of the remaining six members, three shall be, except for those first appointed, State licensed real estate appraisers and, three shall be, except for those first appointed, State certified real estate appraisers, and two shall be representatives of the appraisal management company industry, each of whom shall be State certified real estate appraisers or State licensed real estate appraisers. One representative of the appraisal management company industry shall be affiliated with an appraisal management company that is owned, in whole or in part, by a federally regulated financial institution, and one representative of the appraisal management company industry shall be affiliated with an appraisal management company that is not owned, in whole or in part, by a federally regulated financial institution. The initial real estate appraiser members of the board may hold a real estate appraisal designation from an organization recognized by the Appraisal Foundation, but these appointments shall not be granted or denied on the basis of organizational membership alone.

The Governor shall appoint the public members and the real estate appraiser members, and the representatives of the appraisal management company industry to the board with the advice and consent of the Senate. The Governor shall appoint each member for a term of three years, except that with regard to the real estate appraiser members first appointed, two shall serve for terms of three years, two shall serve for terms of two years, and two shall serve for terms of one year. Each member shall serve until his successor has been qualified. Any vacancy in the membership of the board shall be filled for the unexpired term in the manner provided by the original appointment. No member of the board shall serve
more than two successive terms in addition to any unexpired term to
which he has been appointed. The Governor may remove a member
of the board for cause.
(cf: P.L.1991, c.68, s.3)

25. (New section) The State Real Estate Appraiser Board shall
adopt rules and regulations pursuant to the “Administrative
Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), necessary to
effectuate the provisions of this act within 120 days of the effective
date of this act.

26. This act shall take effect immediately, except that the
provisions of section 6 of this act shall not take effect until 60 days
after the adoption by the State Real Estate Appraiser Board of
regulations to effectuate the purposes of this act.