

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 777

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 2, 2022

The Senate Community and Urban Affairs Committee reports favorably and with committee amendments Senate Bill No. 777.

This bill concerns discriminatory appraisals of property on the basis of race or national origin.

As amended, under this bill, holders of appraisal licenses or certifications, or appraisal management company registrations, may have their licenses, certifications or registrations suspended, or be subject to fines, if the board determines, after an appropriate investigation, that the holder of the license, certification or registration has knowingly engaged in a discriminatory appraisal of a residential property on the basis of the actual or perceived race, creed, color, national origin, or other characteristic listed pursuant to New Jersey's "Law Against Discrimination" of the property buyer, property owner, or present owners or occupants of the properties within the neighborhood of the property subject to appraisal.

If the board finds cause to suspend or fine a holder of a license, certification or registration, then the board is required to notify the holder of the board's rationale in writing. The board must also provide opportunity for a hearing to be held in accordance with the State's Administrative Procedure Act.

Additionally, prior to the initiation of a property appraisal, a holder of a license, certification or registration is to provide a property owner or agent of the property owner with a document, given free of charge and in a form and manner prescribed by the New Jersey Real Estate Appraiser Board, informing the property owner of the opportunity to report, through the Division of Consumer Affairs' Internet website or telephone number, any suspicion of a discriminatory appraisal by the holder of a license, certification or registration pursuant to the provisions of the bill. Information concerning the prohibition of discriminatory appraisals of property, including the statutory basis for the prohibition, is to be published on the Division of Consumer Affairs website.

Finally, upon first interaction with a property buyer, this bill will require a licensed real estate broker, broker-salesperson, or salesperson to provide to the property buyer a document, prescribed by the New Jersey Real Estate Appraiser Board, informing the property buyer of

the opportunity to report, through the Division of Consumer Affairs' website or telephone number, any suspicion of a discriminatory appraisal by the holder of a license, certification or registration pursuant to the provisions of the bill.

This bill was pre-filed for introduction in the 2022-2023 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

COMMITTEE AMENDMENTS

The committee proposes to amend the bill to:

- (1) name the bill the "Fair Appraisals Act;"
- (2) clarify oversight and enforcement between the Division of Consumer Affairs and the Division of Civil Rights within the Department of Law and Public Safety;
- (3) remove the requirement that the board find that an appraiser "knowingly" engage in the discriminatory appraisal of a property;
- (4) provide protections against a discriminatory appraisal for property owners and the agents of property owners or buyers;
- (5) include definitions for the terms "property" and "appraisal;"
- (6) include language that provides protections on the basis of all protected characteristics pursuant to the "Law Against Discrimination;"
- (7) provide protections against discrimination based on the composition of the neighborhood;
- (8) require that the document informing property owners, buyers, and agents of the property owner or buyer of the opportunity to report discriminatory behavior of an appraiser be free of charge;
- (9) include financial compensation for any property owner, buyer, or agent of the property owner or buyer who experienced discriminatory behavior from an appraiser;
- (10) void any appraisal found to be discriminatory by the Real Estate Appraiser Board;
- (11) revise the fines, penalties, and suspensions assessed against an appraiser that has discriminated in the appraisal of a property;
- (12) require the Division of Consumer Affairs to collect and compile the demographic information of a willing property owner, buyer, or agent of the property owner or buyer when reporting an alleged discriminatory appraisal; and
- (13) require the Division of Consumer Affairs to report the compiled demographic information to the Legislature on or before July 1, 2024.