

ASSEMBLY COMMITTEE SUBSTITUTE FOR  
**ASSEMBLY, No. 1973**

**STATE OF NEW JERSEY**  
**217th LEGISLATURE**

ADOPTED JUNE 20, 2016

**Sponsored by:**

**Assemblyman VINCENT PRIETO**

**District 32 (Bergen and Hudson)**

**Assemblywoman AMY H. HANDLIN**

**District 13 (Monmouth)**

**Co-Sponsored by:**

**Assemblyman Holley**

**SYNOPSIS**

“Appraisal Management Company Registration and Regulation Act.”

**CURRENT VERSION OF TEXT**

Substitute as adopted by the Assembly Appropriations Committee.



**(Sponsorship Updated As Of: 6/24/2016)**

1 AN ACT concerning the regulation of appraisal management  
2 companies, and amending and supplementing P.L.1991, c.68.

3

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

6

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

10

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

24

25 3. (New section) As used in this act:

26 “Administrative Quality Control Examination” means an  
27 examination of an appraisal report for compliance and completeness  
28 including grammatical, typographical, or other similar errors, which  
29 may be performed by a person who is not a State certified or  
30 licensed real estate appraiser, but which shall not include unbiased  
31 analysis, opinion or conclusion relating to the nature, quality, value  
32 or utility of specified interests in, or aspects of, real estate, or any  
33 similar function of appraisal practice, including but not limited, to  
34 those functions in the performance of an appraisal review.

35 “Affiliate” means any company that controls, is controlled by, or  
36 is under common control of another company.

37 “AMC National Registry” means the registry of state-registered  
38 appraisal management companies and federally regulated appraisal  
39 management companies maintained by the Appraisal Subcommittee.

40 “Appraisal Foundation” means the Appraisal Foundation  
41 established on November 30, 1987, as a not-for-profit corporation  
42 under the laws of Illinois.

43 “Appraisal” or “real estate appraisal” means the same as that  
44 term is defined pursuant to section 2 of P.L.1991, c.68 (C.45:14F-  
45 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.

1 performed by, for, and on behalf of an appraisal management  
2 company.

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

5 (1) provides appraisal management services to creditors or to  
6 secondary mortgage market participants, including affiliates;

7 (2) provides such services in connection with valuing a  
8 consumer’s principal dwelling as security for a consumer credit  
9 transaction or incorporating such transactions into securitizations;  
10 and

11 (3) within a 12-month calendar year, oversees an appraiser panel  
12 of more than 15 state-certified or state-licensed appraisers in New  
13 Jersey or 25 or more state-certified or state-licensed appraisers in  
14 two or more states.

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

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

19 (1) recruiting, selecting, and retaining appraisers;

20 (2) contracting with state-certified or state-licensed appraisers to  
21 perform appraisal assignments;

22 (3) managing the process of having an appraisal performed,  
23 including providing administrative services, such as receiving  
24 appraisal orders and appraisal reports, submitting completed  
25 appraisal reports to creditors and secondary market participants,  
26 collecting fees from creditors and secondary market participants for  
27 services provided, and paying appraisers for services performed;  
28 and

29 (4) reviewing and verifying the work of appraisers.

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

42 “Appraisal review” means the act or process of developing and  
43 communicating an opinion about the quality of another appraiser’s  
44 work that was performed as part of an appraisal assignment related  
45 to the appraiser’s data collection, analysis, opinions, conclusions,  
46 estimate of value, or compliance with the Uniform Standards of  
47 Professional Appraisal Practice. This term does not include:

1 (1) a general examination for grammatical, typographical, or  
2 other similar errors; or

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

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

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

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

14 “Controlling person” means:

15 (1) an officer, director, or owner of greater than a 10 percent  
16 interest, of a corporation, partnership or other business entity,  
17 seeking to act as an appraisal management company in this State;

18 (2) an individual employed, appointed, or authorized by an  
19 appraisal management company who has the authority to enter into  
20 a contractual relationship with other persons for the performance of  
21 services requiring registration as an appraisal management company  
22 and has the authority to enter into agreements with appraisers for  
23 the performance of appraisals; or

24 (3) an individual who possesses, directly or indirectly, the  
25 power to direct or cause the direction of the management or policies  
26 of an appraisal management company.

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

29 “Creditor” means:

30 (1) a person who regularly extends consumer credit that is  
31 subject to a finance charge or is payable by written agreement in  
32 more than four installments, not including a down payment, and to  
33 whom the obligation is initially payable, either on the face of the  
34 note or contract, or by agreement when there is no note or contract;  
35 or

36 (2) a person who regularly extends consumer credit if the person  
37 extended credit, other than credit subject to the requirements of 12  
38 CFR1026.32, more than five times for transactions secured by a  
39 dwelling in the preceding calendar year; if a person did not meet  
40 these numerical standards in the preceding calendar year, the  
41 numerical standards shall be applied to the current calendar year. A  
42 person regularly extends consumer credit if, in any 12-month  
43 period, the person originates more than one credit extension that is  
44 subject to the requirements of 12 CFR1026.32 or one or more such  
45 credit extensions through a mortgage broker.

46 “Dwelling” means a residential structure that contains one to  
47 four units, whether or not that structure is attached to real property,  
48 including an individual condominium unit, cooperative unit, mobile

1 home, or trailer, if it is used as a residence. A consumer can have  
2 only one principal dwelling at a time; a vacation or other second  
3 home is not considered a principal dwelling. However, if a  
4 consumer buys or builds a new dwelling that will become the  
5 consumer's principal dwelling within one year or upon the  
6 completion of construction, the new dwelling is considered the  
7 principal dwelling for purposes of this definition.

8 "Employee relocation management company" means a business  
9 entity whose exclusive business services are not for mortgage  
10 purposes but include the relocation of employees as an agent or  
11 contractor for the employer or the employer's agent for the  
12 purposes of determining an anticipated sales price of the residence  
13 of an employee being relocated by the employer in the course of its  
14 business.

15 "Federal financial institution regulatory agencies" includes the  
16 Consumer Financial Protection Bureau, Board of Governors of the  
17 Federal Reserve System, the Federal Deposit Insurance  
18 Corporation, the Federal Housing Finance Agency, the Office of the  
19 Comptroller of the Currency, and the National Credit Union  
20 Administration.

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

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

28 "Federally related transaction regulations" means regulations  
29 established by the Office of the Comptroller of the Currency, the  
30 Board of Governors of the Federal Reserve System, the Federal  
31 Deposit Insurance Corporation, or the National Credit Union  
32 Administration, pursuant to sections 1112, 1113, and 1114 of  
33 FIRREA Title XI, 12 U.S.C. 3341-3343.

34 "Person" means a natural person or an organization, including a  
35 corporation, partnership, proprietorship, association, cooperative,  
36 estate, trust, or government unit.

37 "Real estate-related financial transaction" means any transaction  
38 involving the sale, lease, purchase, investment in, or exchange of  
39 real property, including interests in property or the financing  
40 thereof:

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

44 "Secondary mortgage market participant" means a guarantor or  
45 insurer of mortgage-backed securities, or an underwriter or issuer of  
46 mortgage-backed securities. Secondary mortgage market participant  
47 only includes an individual investor in a mortgage-backed security

1 if that investor also serves in the capacity of a guarantor, insurer,  
2 underwriter, or issuer for the mortgage-backed security.

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

9  
10 4. (New section) The board shall have the authority to adopt  
11 rules that are reasonably necessary to establish an AMC licensing  
12 program and implement, administer, and enforce the provisions set  
13 forth under this section.

14 a. The board shall have the legal authority and mechanisms to:

15 (1) review, and approve or deny an AMC’s application for  
16 initial registration;

17 (2) review and renew, or review and deny an AMC’s  
18 registration periodically;

19 (3) examine the books and records of an AMC operating in the  
20 State and require the AMC to submit reports, information, and  
21 documents;

22 (4) verify that the appraisers on the AMC’s appraiser panel hold  
23 valid State certifications or licenses, as applicable;

24 (5) conduct investigations of AMCs to assess potential  
25 violations of applicable appraisal-related laws, regulations, or  
26 orders;

27 (6) discipline, suspend, terminate, or deny renewal of the  
28 registration of an AMC that violates applicable appraisal-related  
29 laws, regulations, or orders; and

30 (7) report an AMC’s violation of applicable appraisal-related  
31 laws, regulations, or orders, as well as disciplinary and enforcement  
32 actions and other relevant information about an AMC’s operations,  
33 to the Appraisal Subcommittee.

34 b. The board shall impose requirements on AMCs that are not  
35 owned and controlled by an insured depository institution and not  
36 regulated by a federal financial institution regulatory agency to:

37 (1) register with and be subject to supervision by the State  
38 appraiser certifying and licensing agency;

39 (2) engage only State-certified or State-licensed appraisers for  
40 federally related transactions in conformity with any federally  
41 related transaction regulations;

42 (3) establish and comply with processes and controls reasonably  
43 designed to ensure that the AMC, in engaging an appraiser, selects  
44 an appraiser who is independent of the transaction and who has the  
45 requisite education, expertise, and experience necessary to  
46 competently complete the appraisal assignment for the particular  
47 market and property type;

1 (4) direct the appraiser to perform the assignment in accordance  
2 with USPAP; and

3 (5) establish and comply with processes and controls reasonably  
4 designed to ensure that the AMC conducts its appraisal management  
5 services in accordance with the requirements of section 129E(a)-(i)  
6 of the Truth in Lending Act, 15 U.S.C. 1639e(a)-(i), and regulations  
7 promulgated thereunder.

8

9 5. (New section) For purposes of determining whether, within  
10 the 12-month period defined by the State, an AMC oversees an  
11 appraiser panel of more than 15 state-certified or state-licensed  
12 appraisers in New Jersey or 25 or more state-certified or state-  
13 licensed appraisers in two or more states, pursuant to the definition  
14 of “AMC” as defined in section 3 of this act.

15 a. An appraiser is deemed part of the AMC’s appraiser panel as  
16 of the earliest date on which the AMC:

17 (1) accepts the appraiser for the AMC’s consideration for future  
18 appraisal assignments in covered transactions or for secondary  
19 mortgage market participants in connection with covered  
20 transactions; or

21 (2) engages the appraiser to perform one or more appraisals on  
22 behalf of a creditor for covered transactions or secondary mortgage  
23 market participant in connection with covered transactions.

24 b. An appraiser who is deemed part of the AMC’s appraiser  
25 panel pursuant to subsection a. of this section is deemed to remain  
26 on the panel until the date on which the AMC:

27 (1) sends written notice to the appraiser removing the appraiser  
28 from the appraiser panel, with an explanation of its action; or

29 (2) receives written notice from the appraiser asking to be  
30 removed from the appraiser panel or notice of the death or  
31 incapacity of the appraiser.

32 c. If an appraiser is removed from an AMC’s appraiser panel  
33 pursuant to subsection b. of this section, but the AMC subsequently  
34 accepts the appraiser for consideration for future assignments or  
35 engages the appraiser at any time during the 12 months after the  
36 appraiser’s removal, the removal will be deemed not to have  
37 occurred, and the appraiser will be deemed to have been part of the  
38 AMC’s appraiser panel without interruption.

39 d. Prior to assigning appraisal orders, an appraisal management  
40 company shall have a system in place to verify that a person being  
41 added to the appraiser panel holds the appropriate appraiser  
42 credential in good standing.

43

44 6. (New section) a. No person shall, directly or indirectly,  
45 engage or attempt to engage in business as an appraisal  
46 management company, or advertise or hold itself out as engaging in  
47 or conducting business as an appraisal management company

- 1 without first obtaining a registration issued by the board under the  
2 provisions of this act.
- 3 b. The registration required by subsection a. of this section  
4 shall include the following written information on a form prescribed  
5 by the board and which shall be certified by the compliance officer  
6 of the appraisal management company:
- 7 (1) The name of the entity or individual seeking registration,  
8 and the fictitious name or names, if any, under which it does  
9 business in any state;
- 10 (2) The business address of the entity or individual seeking  
11 registration;
- 12 (3) The telephone number of the entity or individual seeking  
13 registration;
- 14 (4) The name and contact information for the individual's or  
15 entity's agent for service of process in this State, if the entity or  
16 individual is not a corporation that is domiciled in this State;
- 17 (5) The name, address, and contact information for any  
18 individual or any corporation, partnership, or other business entity  
19 that owns 10 percent or more of the appraisal management  
20 company;
- 21 (6) The name, address, and telephone number for one  
22 controlling person designated as the main contact for all  
23 communication between the appraisal management company and  
24 the board;
- 25 (7) A certification that the entity or individual has a system and  
26 process in place to verify that a person being added to the appraiser  
27 panel of the appraisal management company holds a license or  
28 certification in good standing in this State pursuant to the "Real  
29 Estate Appraisers Act," P.L.1991, c.68 (C.45:14F-1 et seq.);
- 30 (8) A certification that the entity or individual requires  
31 appraisers completing appraisals, including but not limited to  
32 appraisals and appraisal reviews, at its request to comply with the  
33 Uniform Standards of Professional Appraisal Practice promulgated  
34 by the Appraisal Standards Board of the Appraisal Foundation,  
35 including the requirements for geographic and product competence;
- 36 (9) A certification that the entity or individual has a system in  
37 place to verify that only licensed or certified appraisers are used for  
38 federally related transactions;
- 39 (10) A certification that the entity or individual has a system in  
40 place to require that appraisals are conducted independently and  
41 free from inappropriate influence and coercion as required by the  
42 appraisal independence standards established under section 1639e  
43 of the federal Truth in Lending Act, Pub.L.90-321 (15 U.S.C.  
44 s.1639e), including the requirements for payment of customary and  
45 reasonable compensation to fee appraisers when the appraisal  
46 management company is providing services for a consumer credit  
47 transaction secured by the principal dwelling of a consumer;



1 (11) A certification by the board that the entity maintains a  
2 detailed record of each service request that it receives and the name  
3 of the appraiser that performs the residential real estate appraisal  
4 services for the appraisal management company;

5 (12) Whenever applicable, an irrevocable Uniform Consent to  
6 Service of Process pursuant to section 8 of this act; and

7 (13) Any other information as required by the board that is  
8 reasonably necessary to implement this act.

9 c. An application for the renewal of a registration shall include  
10 information substantially similar to that required under subsection  
11 b. of this section for an initial registration, as determined by the  
12 board.

13

14 7. (New section) The provisions of this act:

15 a. shall apply to an appraisal management company in  
16 accordance with section 1124(a), (b) and (c) of Subtitle F of the  
17 Mortgage Reform and Anti-Predatory Lending Act of 2010,  
18 Pub.L.111-203, amending the Financial Institutions Reform  
19 Recovery and Enforcement Act (12 U.S.C. s3353 (a), (b), (c)); and

20 b. shall not apply to:

21 (1) an employee relocation management company in the course  
22 of employee relocation pursuant to its relocation policy; or

23 (2) a person or entity that exclusively employs appraisers on an  
24 employer and employee basis for the performance of appraisals for  
25 a variety of clients or intended uses of the appraisal other than  
26 mortgage lending consumer credit transactions secured by a  
27 consumer's principal dwelling.

28

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

33

34 9. (New section) a. The board shall establish by regulation  
35 an application fee to be paid by each appraisal management  
36 company seeking registration under this act that is sufficient for the  
37 administration of the registration process, but in no case shall the  
38 fee be more than \$2,500.

39 b. A processing fee, similar to that provided for in subsection a.  
40 of this section not to exceed \$2,500, may be charged by the board in  
41 connection with the renewal of a registration.

42 c. A registration granted by the board pursuant to this act shall  
43 be effective for a one-year period and may be renewed annually.

44 d. The board shall require of each appraisal management  
45 company seeking registration a surety bond of \$25,000.

46 e. All fees paid by appraisal management companies shall be  
47 dedicated to use by the board for regulation of appraisal

1 management companies and State certified and licensed real estate  
2 appraisers regulated by the board pursuant to State and federal law.

3

4 10. (New section) a. An appraisal management company  
5 applying to the board for registration in this State shall not:

6 (1) in whole or in part, directly or indirectly, be owned by any  
7 person who has had an appraiser license or certificate in this State  
8 or in any other state, refused, denied, cancelled, surrendered in lieu  
9 of revocation, or revoked;

10 (2) be more than 10 percent owned by a person who is not of  
11 good moral character, which for purposes of this section shall  
12 require that such person has not been convicted of, or entered a plea  
13 of nolo contendere to, a crime relating to the practice of appraisal or  
14 any crime involving financial services, fraud, misrepresentation or  
15 moral turpitude.

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

21

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

27

28 12. (New section) A violation of this section may constitute  
29 grounds for discipline against an appraisal management company  
30 registered in this State. However, nothing in this act shall be  
31 construed as preventing an appraisal management company from  
32 requesting that an appraiser provide additional information about  
33 the basis for a valuation, correct objective factual errors in an  
34 appraisal report, or consider additional appropriate property  
35 information. No employee, director, officer, agent, independent  
36 contractor, or other third party acting on behalf of an appraisal  
37 management company shall do any of the following:

38 a. procure or attempt to procure a registration or renewal by  
39 knowingly making a false statement, submitting false information,  
40 or refusing to provide complete information in response to a  
41 question in an application for registration or renewal;

42 b. willfully violate this act or rules of the board pertaining  
43 thereto;

44 c. improperly influence or attempt to improperly influence the  
45 development, reporting, result, or a review of an appraisal through  
46 intimidation, coercion, extortion, bribery, or any other manner,  
47 including:

48 (1) withholding payment for appraisal services;

- 1 (2) threatening to exclude an appraiser from future work or  
2 threatening to demote or terminate in order to improperly obtain a  
3 desired result;
- 4 (3) conditioning payment of an appraisal fee upon the opinion,  
5 conclusion, or valuation to be reached; or
- 6 (4) requesting that an appraiser report a predetermined opinion,  
7 conclusion, or valuation or the desired valuation of any person or  
8 entity;
- 9 d. alter, amend, or change an appraisal report submitted by an  
10 appraiser without the appraiser's knowledge and written consent;
- 11 e. except within the first 90 days after an independent appraiser  
12 is added to an appraiser panel, remove an independent appraiser  
13 from an appraiser panel without prior written notice to the  
14 appraiser, with the prior written notice including evidence of the  
15 following, if applicable:
- 16 (1) the appraiser's illegal conduct;
- 17 (2) a violation of Uniform Standards of Professional Appraiser  
18 Practice, this act or the rules adopted by the board;
- 19 (3) improper or unprofessional conduct; and
- 20 (4) substandard performance or other substantive deficiencies;
- 21 f. require an appraiser to sign any indemnification agreement  
22 that would require the appraiser to defend and hold harmless the  
23 appraisal management company or any of its agents or employees  
24 for any liability, damage, losses, or claims arising out of the  
25 services performed by the appraisal management company or its  
26 agents, employees, or independent contractors and not the services  
27 performed by the appraiser;
- 28 g. prohibit lawful communications between the appraiser and  
29 any other person who the appraiser, in the appraiser's professional  
30 judgment, believes possesses information that would be relevant;
- 31 h. engage in any other act or practice that impairs or attempts  
32 to impair a real estate appraiser's independence, objectivity, and  
33 impartiality;
- 34 i. fail to timely respond to any subpoena or any other request  
35 for information;
- 36 j. fail to timely obey an administrative order of the board; or
- 37 k. fail to fully cooperate in any investigation.
- 38
- 39 13. (New section) An employee of, or independent contractor  
40 to, an appraisal management company that performs a Uniform  
41 Standards of Professional Appraisal Practice Standard 3 review of  
42 an appraisal report on property located in this State shall be an  
43 appraiser with the proper level of licensure, as prescribed pursuant  
44 to P.L.1991, c.68 (C.45:14F-1 et seq.). The provisions of this  
45 section shall not apply to any individual conducting an  
46 Administrative Quality Control Examination.

1 14. (New section) a. With respect to reporting requirements  
2 for non-federally regulated appraisal management companies, the  
3 board will collect from each AMC registered or seeking to be  
4 registered in the State the information and fees that the Appraisal  
5 Subcommittee requires to be submitted to it by the State pursuant to  
6 regulations or guidance promulgated by the Appraisal  
7 Subcommittee.

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

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

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

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

29  
30 15. (New section) An appraisal management company seeking  
31 to be registered in this State shall certify to the board, annually, that  
32 it:

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

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

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

46 d. has a system in place to require that appraisals are conducted  
47 independently and free from inappropriate influence and coercion as  
48 required by the appraisal independence standards established under

1 section 1639e of the federal Truth in Lending Act, Pub.L.90-321  
2 (15 U.S.C. s.1639e), including the requirements for payment of  
3 customary and reasonable compensation to fee appraisers when the  
4 appraisal management company is providing services for a  
5 consumer credit transaction secured by the principal dwelling of a  
6 consumer; and

7 e. is in compliance with State laws and regulations.  
8

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

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

17 b. all necessary enforcement and remedies available under the  
18 federal Truth in Lending Act, Pub.L.90-321 (15 U.S.C. 1601 et  
19 seq.).  
20

21 17. (New section) An appraisal management company seeking  
22 to be registered in this State shall certify to the board, annually, by  
23 submission of a statement signed by the appraisal management  
24 company, that it maintains a detailed record of each service request  
25 that it receives and the name of the appraiser that performs the  
26 appraisal for the appraisal management company. Records shall be  
27 retained for a period of at least five years after an appraisal is  
28 completed or two years after final disposition of a judicial  
29 proceeding related to the assignment, whichever period expires  
30 later.  
31

32 18. (New section) Any State certified or licensed appraiser  
33 performing an appraisal assignment, including an appraisal review,  
34 for an appraisal management company, shall be responsible to  
35 ensure that the conduct of non-appraiser assistance is compatible  
36 with the professional responsibilities of the appraiser under federal  
37 and State laws and regulations, including but not limited to,  
38 conformance with the Uniform Standards of Professional Appraisal  
39 Practice. Non-appraiser assistance, shall include, but not be limited  
40 to, administrative quality control reviewers, who are agents of,  
41 contracted by, employees of, or whose services are otherwise  
42 utilized by an appraisal management company, appraiser, or  
43 organization.  
44

45 19. (New section) a. The board shall issue a unique  
46 registration number to each appraisal management company that is  
47 registered in this State.

1       b. The board shall maintain a published list of the appraisal  
2 management companies that have registered with the board  
3 pursuant to this act and have been issued a registration number  
4 pursuant to subsection a. of this section.

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

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

12

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

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

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

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

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

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

42       b. An appraiser that is removed from the appraiser panel of an  
43 appraisal management company for alleged illegal conduct,  
44 violation of the Uniform Standards of Professional Appraisal  
45 Practice or violation of State licensing standards may file a  
46 complaint with the board for review of the decision of the appraisal  
47 management company. The scope of the board's review in any such  
48 case shall be limited to determining whether the appraisal

1 management company has complied with the provisions of  
2 subsection a. of this section and whether illegal conduct, a violation  
3 of the Uniform Standards of Professional Appraisal Practice, or a  
4 violation of State licensing standards has occurred.

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

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

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

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

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

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

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

37

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

42 (1) the Uniform Standards of Professional Appraisal Practice;

43 (2) applicable laws; or

44 (3) ethical or professional conduct.

45 b. An appraisal management company shall provide the board  
46 with all information in the possession of the appraisal management  
47 company in support of any information compiled against an  
48 appraiser under this section, including any evidence to support the

1 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  
6 dwelling.

7  
8 22. (New section) Each appraisal management company shall,  
9 except in bona fide cases of breach of contract or substandard  
10 performance of services, make payment to an appraiser for the  
11 completion of an appraisal or valuation assignment within 60 days  
12 of the date on which the appraiser transmits or otherwise provides  
13 the completed appraisal or valuation study to the appraisal  
14 management company or its assignee unless a mutually agreed upon  
15 alternate arrangement has been previously established, which  
16 agreement shall be considered to be under the appraiser  
17 independence requirements of section 1639e of the federal Truth in  
18 Lending Act, Pub.L.90-321 (15 U.S.C. s.1639e).

19  
20 23. (New section) a. The board may suspend or revoke any  
21 registration issued under this act, levy fines, or impose civil  
22 penalties if, after appropriate investigation, the board concludes that  
23 an appraisal management company is attempting to perform, has  
24 performed, or has attempted to perform any of the following:

25 (1) Any action in violation of this act or regulations adopted  
26 hereunder;

27 (2) Any action in violation of the "Real Estate Appraisers Act,"  
28 P.L.1991, c.68 (C.45:14F-1 et seq.), or regulations adopted  
29 thereunder; or

30 (3) Procuring a registration for itself or any other person by  
31 fraud, misrepresentation, or deceit.

32 b. When deciding whether to impose a sanction, determining  
33 the sanction that is most appropriate in a specific instance, or  
34 making any other discretionary decision regarding the enforcement  
35 of this act, the board may consider whether an appraisal  
36 management company:

37 (1) Has an effective program reasonably designed to ensure  
38 compliance with this act;

39 (2) Has taken prompt and appropriate steps to correct and  
40 prevent the recurrence of any detected violations; and

41 (3) Has independently reported to the board any significant  
42 violations or potential violations of this act, prior to an imminent  
43 threat of disclosure or investigation and within a reasonably prompt  
44 time after becoming aware of their occurrence.

45 c. The board shall conduct random audits of appraisal  
46 management company compliance with this act, and those audits  
47 shall be funded through the various fees charged to appraisal  
48 management companies as set forth in this act, but an appraisal



1 management company that timely files a certification of compliance  
2 in accordance with the provisions of this act shall have a  
3 presumption of compliance if that certification is accompanied by a  
4 legal opinion letter indicating that all compliance requirements have  
5 been satisfied.

6 d. Whenever the board finds cause to refuse to renew, suspend  
7 or revoke any registration, or to levy a fine or impose a civil  
8 penalty, the board shall notify the registrant of the reasons therefor,  
9 in writing, and provide opportunity for a hearing in accordance with  
10 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1  
11 et seq.).  
12

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

15 3. There is created within the Division of Consumer Affairs in  
16 the Department of Law and Public Safety a State Real Estate  
17 Appraiser Board. The board shall consist of **[nine]** 11 members  
18 who are residents of the State, two of whom shall be public  
19 members and one of whom shall be a State executive department  
20 member appointed pursuant to the provisions of section 2 of  
21 P.L.1971, c.60 (C.45:1-2.2). Of the remaining **[six]** eight members,  
22 three shall be, except for those first appointed, State licensed real  
23 estate appraisers **[and]**, three shall be, except for those first  
24 appointed, State certified real estate appraisers, and two shall be  
25 representatives of the appraisal management company industry,  
26 each of whom shall be State certified real estate appraisers or State  
27 licensed real estate appraisers. One representative of the appraisal  
28 management company industry shall be affiliated with an appraisal  
29 management company that is owned, in whole or in part, by a  
30 federally regulated financial institution, and one representative of  
31 the appraisal management company industry shall be affiliated with  
32 an appraisal management company that is not owned, in whole or in  
33 part, by a federally regulated financial institution. The initial real  
34 estate appraiser members of the board may hold a real estate  
35 appraisal designation from an organization recognized by the  
36 Appraisal Foundation, but these appointments shall not be granted  
37 or denied on the basis of organizational membership alone.

38 The Governor shall appoint the public members **[and]**, the real  
39 estate appraiser members, and the representatives of the appraisal  
40 management company industry to the board with the advice and  
41 consent of the Senate. The Governor shall appoint each member for  
42 a term of three years, except that with regard to the real estate  
43 appraiser members first appointed, two shall serve for terms of  
44 three years, two shall serve for terms of two years, and two shall  
45 serve for terms of one year. Each member shall serve until his  
46 successor has been qualified. Any vacancy in the membership of the  
47 board shall be filled for the unexpired term in the manner provided  
48 by the original appointment. No member of the board shall serve

1 more than two successive terms in addition to any unexpired term to  
2 which he has been appointed. The Governor may remove a member  
3 of the board for cause.

4 (cf: P.L.1991, c.68, s.3)

5

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

11

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