

**LEGISLATIVE HISTORY CHECKLIST**  
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(Appraisers)

NJSA: 45:14F-7

LAWS OF: 1997 CHAPTER: 401

BILL NO: S2316

SPONSOR(S): Connors and others

DATE INTRODUCED: December 11, 1997

COMMITTEE: ASSEMBLY: \_\_\_\_\_  
SENATE: Community Affairs

AMENDED DURING PASSAGE: No  
Third reprint enacted

DATE OF PASSAGE: ASSEMBLY: January 12, 1998 Re-enacted 1-12-98  
SENATE: January 8, 1998 Re-enacted 1-12-98

DATE OF APPROVAL: January 19, 1998

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes Also attached: statement, adopted 12-15-97

COMMITTEE STATEMENT: ASSEMBLY: No  
SENATE: Yes

FISCAL NOTE: Yes

VE TO MESSAGE: Yes

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:  
REPORTS: No

HEARINGS: No

See newspaper clipping--attached:  
"Whitman signs appraiser bill," 1-20-98, Asbury Park Press.

KBP:pp

24 located that is owned by the prospective condemnee whose property  
25 is to be taken; and (2) whose appraisal activities are limited to

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup> Senate SCO committee amendments adopted December 11, 1997.

<sup>2</sup> Senate floor amendments adopted December 15, 1997.

<sup>3</sup> Senate amendments adopted in accordance with Governor's recommendations January 12, 1998.

[Passed Both Houses]

[Third Reprint]

SENATE, No. 2316

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# STATE OF NEW JERSEY

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INTRODUCED DECEMBER 11, 1997

By Senator CONNORS, Assemblymen Moran, Impreveduto,  
Connors, T.Smith and Corodemus

1 AN ACT concerning real estate appraisers and amending and  
2 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. Section 7 of P.L.1991, c.68 (C.45:14F-7) is amended to read as  
8 follows:

9 7. The provisions of this act shall not apply to any person who is:

10 a. a real estate appraiser licensed or certified in another state in  
11 compliance with federal requirements while on temporary assignment  
12 appraising real property located in this State **[as part of a federally**  
13 **related transaction]**, however, such appraiser shall be subject to  
14 registration requirements promulgated by the board; or

15 b. a tax assessor or an assistant tax assessor holding a valid tax  
16 assessor certificate employed by a county or municipal government or  
17 any political subdivision thereof whose appraisal activities are limited  
18 to appraisals in the course of his employment ; or

19 c. a State employee (1) whose appraisal activities are limited to  
20 appraisals of parcels of property to be acquired for a public purpose  
21 with a fair market value, including damages to the remainder, if any,  
22 of each parcel to be acquired of not more than \$25,000,  
23 notwithstanding the total value of the property in which the parcel is  
24 located that is owned by the prospective condemnee whose property  
25 is to be taken; and (2) whose appraisal activities are limited to

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

**Matter underlined thus is new matter.**

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1 appraisals in the course of his employment.

2 (cf: P.L.1991, c.68, s.7)

3

4 2. Section 21 of P.L.1991, c.68 (C.45:14F-21) is amended to read  
5 as follows:

6 21. a. A person who is not certified pursuant to the provisions of  
7 this act shall not describe or refer to any appraisal or other evaluation  
8 which he performs on real estate located in this State as "a certified  
9 appraisal."

10 b. A person who is not licensed pursuant to the provisions of this  
11 act shall not describe or refer to any appraisal or other evaluation  
12 which he performs on real estate located in this State as "a licensed  
13 appraisal."

14 c. ~~【Except as otherwise provided in subsection e. of this section,~~  
15 ~~no】~~ <sup>2</sup>~~【No】~~Except as otherwise provided in subsection f. of this  
16 section, no<sup>2</sup> person other than a State licensed real estate appraiser, a  
17 State certified real estate appraiser or a person who assists in the  
18 preparation of an appraisal under the direct supervision of a State  
19 licensed or certified appraiser shall perform or offer to perform an  
20 appraisal assignment in regard to real estate located in this State  
21 including, but not limited to, any transaction involving a third party,  
22 person, government or quasi-governmental body, court, quasi-judicial  
23 body or financial institution.

24 Nothing in P.L.1991, c.68 (C.45:14F-1 et seq.) shall be construed  
25 to preclude a person not licensed or certified pursuant to this act from  
26 giving or offering to give, for a fee or otherwise, counsel and advice  
27 on pricing, listing, selling and use of real property, directly to a  
28 property owner or prospective purchaser if the intended use of the  
29 counsel or advice is solely for the individual knowledge of or use by  
30 the property owner or prospective purchaser.

31 d. Nothing in this act shall be construed to preclude a person not  
32 certified or licensed pursuant to this act from assisting in the  
33 preparation of an appraisal to the extent permitted under subsection  
34 (d) of section 1122 of Title XI of Pub. L.101-73 (12 U.S.C. 3351(d)).

35 e. ~~【(1) An appraisal of real estate in this State with a value of~~  
36 ~~\$150,000 or less may be performed by a person who is not a State~~  
37 ~~certified real estate appraiser or a State licensed real estate appraiser.~~

38 (2) An appraisal of real estate in this State, other than an appraisal  
39 for a federally related transaction, may be performed by a person who  
40 is not a State certified real estate appraiser or a State licensed real  
41 estate appraiser if the person for whom it is performed is using the  
42 appraisal as information in making his or its own personal or business  
43 decisions.】 ~~(Deleted by amendment, P.L. c. ) (now pending before~~  
44 ~~the Legislature as this bill).~~

45 <sup>2</sup>f. A State or federally chartered bank, savings bank or savings and  
46 loan association may obtain and use appraisals made by a person who

1 is not certified or licensed pursuant to the provisions of P.L.1991, c.68  
2 (C.45:14F-1 et seq.) in any circumstance where the underlying  
3 transaction is a federally related transaction for which federal law and  
4 regulation do not require that a certified or licensed appraiser be used.  
5 For the purposes of this subsection, "federal law" means Title XI of  
6 Pub. L.101-73 (12 U.S.C. 3331 et seq.); and "federally related  
7 transaction" has the meaning as set forth in section 1121 of Title XI of  
8 Pub. L.101-73 (12 U.S.C. 3350).<sup>2</sup>  
9 (cf: P.L.1995, c.349, s.2)

10

11 3. (New section) a. An applicant for licensure or certification  
12 under P.L.1991, c.68 (C.45:14F-1 et seq.) shall not be eligible for  
13 licensure or certification, as the case may be, and any holder of a  
14 license or certification under P.L.1991, c.68 (C.45:14F-1 et seq.) shall  
15 have his license or certification revoked if the State Real Estate  
16 Appraiser Board determines, consistent with the requirements and  
17 standards of this section and section 4 of P.L. , c. (C. )  
18 (now pending before the Legislature as this bill), that criminal history  
19 record information exists on file in the Federal Bureau of  
20 Investigation, Identification Division, or in the State Bureau of  
21 Identification in the Division of State Police, which would disqualify  
22 that individual from being licensed or certified. An applicant or a  
23 holder of a license or certification shall be disqualified from licensure  
24 or certification if that individual's criminal history record check reveals  
25 a record of conviction of any of the following crimes and offenses:

26 (1) In New Jersey, any crime or disorderly persons offense:

27 (a) Involving danger to the person, meaning those crimes and  
28 disorderly persons offenses set forth in N.J.S.2C:11-1 et seq.,  
29 N.J.S.2C:12-1 et seq., N.J.S.2C:13-1 et seq., N.J.S.2C:14-1 et seq.,  
30 or N.J.S.2C:15-1 et seq.; or

31 (b) Involving theft as set forth in chapter 20 of Title 2C of the New  
32 Jersey Statutes; or

33 (c) Involving any controlled dangerous substances or controlled  
34 substance analog as set forth in chapter 35 of Title 2C of the New  
35 Jersey Statutes except as set forth in paragraph (4) of subsection a. of  
36 N.J.S.2C:35-10.

37 (2) In any other state or jurisdiction, conduct which, if committed  
38 in New Jersey, would constitute any of the crimes or disorderly  
39 persons offenses described in paragraph (1) of this subsection.

40 b. Notwithstanding the provisions of subsection a. of this section,  
41 no individual shall be disqualified from licensure or certification on the  
42 basis of any conviction disclosed by a criminal history record check  
43 performed pursuant to this section if the individual has affirmatively  
44 demonstrated to the board clear and convincing evidence of his  
45 rehabilitation. In determining whether an individual has affirmatively  
46 demonstrated rehabilitation, the following factors shall be considered:

- 1 (1) The nature and responsibility of the position which the
- 2 convicted individual would hold;
- 3 (2) The nature and seriousness of the offense;
- 4 (3) The circumstances under which the offense occurred;
- 5 (4) The date of the offense;
- 6 (5) The age of the individual when the offense was committed;
- 7 (6) Whether the offense was an isolated or repeated incident;
- 8 (7) Any social conditions which may have contributed to the
- 9 offense; and
- 10 (8) Any evidence of rehabilitation, including good conduct in
- 11 prison or in the community, counseling or psychiatric treatment
- 12 received, acquisition of additional academic or vocational schooling,
- 13 successful participation in correctional work-release programs, or the
- 14 recommendation of persons who have had the individual under their
- 15 supervision.

16

17 4. (New section) a. An applicant and holder of a license or  
18 certificate shall submit to the board his name, address and fingerprints  
19 taken on standard fingerprint cards by a State or municipal law  
20 enforcement agency. The board is authorized to exchange fingerprint  
21 data with and receive criminal history record information from the  
22 Federal Bureau of Investigation and the Division of State Police for  
23 use in making the determinations required by section 3 of  
24 P.L. , c. (C. ) (now pending before the Legislature as this  
25 bill).

26 b. Upon receipt of the criminal history record information for a  
27 person from the Federal Bureau of Investigation or the Division of  
28 State Police, the board shall notify the applicant, licensee or certified  
29 individual, as applicable, in writing, of the person's qualification or  
30 disqualification for licensure or certification under section 3 of  
31 P.L. , c. (C. ) (now pending before the Legislature as this  
32 bill). If the applicant, licensee or certified individual, as applicable, is  
33 disqualified, the conviction or convictions which constitute the basis  
34 for the disqualification shall be identified in the written notice.

35 c. The applicant, licensee or certified individual, as the case may  
36 be, shall have 30 days from the date of written notice of  
37 disqualification to petition the board for a hearing on the accuracy of  
38 the criminal history record information or to establish his rehabilitation  
39 under subsection b. of section 3 of P.L. , c. (C. ) (now  
40 pending before the Legislature as this bill). The board may refer any  
41 case arising hereunder to the Office of Administrative Law for  
42 administrative proceedings pursuant to P.L.1968, c.410 (C.52:14B-1  
43 et seq.).

44 d. The board shall not maintain any individual's criminal history  
45 record information or evidence of rehabilitation submitted under this  
46 section for more than six months from the date of a final determination

1 by the board as to the individual's qualification or disqualification to  
2 be licensed or certified pursuant to the provisions of this section and  
3 section 3 of this amendatory and supplementary act.

4 <sup>3</sup>e. All costs associated with performing the criminal history check  
5 required by P.L. .c. (C. ) (now pending before the Legislature as  
6 this bill shall be borne by the applicant for licensure or certification or  
7 the holder of any license or certification.<sup>3</sup>

8

9 <sup>1</sup>**[5. (New section) The Director of the Division of Consumer**  
10 **Affairs in the Department of Law and Public Safety shall establish a**  
11 **toll-free hotline telephone number for persons to call with inquiries**  
12 **concerning the licensure status of a real estate appraiser, including**  
13 **information concerning any disciplinary actions or complaints filed**  
14 **against the appraiser.]<sup>1</sup>**

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16 <sup>1</sup>**[6.] 5.<sup>1</sup> This act shall take effect on the 180th day after**  
17 **enactment.**

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22 Revises various provisions of the "Real Estate Appraisers Act."

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2 Federal Bureau of Investigation and the Division of State Police for  
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9 individual, as applicable, in writing, of the person's qualification or  
10 disqualification for licensure or certification under section 3 of  
11 P.L. , c. (C. ) (now pending before the Legislature as this  
12 bill). If the applicant, licensee or certified individual, as applicable, is  
13 disqualified, the conviction or convictions which constitute the basis  
14 for the disqualification shall be identified in the written notice.

15 c. The applicant, licensee or certified individual, as the case may  
16 be, shall have 30 days from the date of written notice of  
17 disqualification to petition the board for a hearing on the accuracy of  
18 the criminal history record information or to establish his rehabilitation  
19 under subsection b. of section 3 of P.L. , c. (C. ) (now  
20 pending before the Legislature as this bill). The board may refer any  
21 case arising hereunder to the Office of Administrative Law for  
22 administrative proceedings pursuant to P.L.1968, c.410 (C.52:14B-1  
23 et seq.).

24 d. The board shall not maintain any individual's criminal history  
25 record information or evidence of rehabilitation submitted under this  
26 section for more than six months from the date of a final determination  
27 by the board as to the individual's qualification or disqualification to  
28 be licensed or certified pursuant to the provisions of this section and  
29 section 3 of this amendatory and supplementary act.

30  
31 5. (New section) The Director of the Division of Consumer Affairs  
32 in the Department of Law and Public Safety shall establish a toll-free  
33 hotline telephone number for persons to call with inquiries concerning  
34 the licensure status of a real estate appraiser, including information  
35 concerning any disciplinary actions or complaints filed against the  
36 appraiser.

37  
38 6. This act shall take effect on the 180th day after enactment. \*

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#### STATEMENT

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43 This bill would require applicants and those persons already  
44 licensed or certified under the provisions of the "Real Estate  
45 Appraisers Act," P.L.1991, c.68 (C.45:14F-1 et seq.) to submit to a  
46 State and federal criminal history background check, to determine

1 whether those persons are fit to be so licensed or certified. The State  
2 Real Estate Appraiser Board would be required to determine that an  
3 applicant for licensure or certification is unfit to be licensed or  
4 certified, as the case may be, and shall revoke the licensure or  
5 certification of a person currently licensed or certified if that person  
6 meets the criteria for disqualification as provided in the bill.

7 The bill would also require that persons performing appraisals on  
8 real estate, regardless of the value or the purpose for which the  
9 appraisal is being performed, be certified or licensed in accordance  
10 with the provisions of the "Real Estate Appraisers Act" P.L.1991.  
11 Under current law, a person not licensed or certified as an appraiser  
12 may appraise real estate with a value of \$150,000 or less, or may  
13 perform an appraisal, other than an appraisal for a federally related  
14 transaction, if the person for whom it is being performed is using the  
15 appraisal as information in making his or its own personal or business  
16 decisions.

17 In addition, the bill would exempt from the provisions of the "Real  
18 Estate Appraisers Act," tax assessors and assistant tax assessors  
19 holding valid tax assessor certificates and employed by a county or  
20 municipal government or any political subdivision thereof whose  
21 appraisal activities are limited to appraisals in the course of their  
22 employment, State employees under certain circumstances when their  
23 appraisal activities are limited to the course of their employment, and  
24 real estate appraisers licensed or certified in another state in  
25 compliance with federal requirements while on temporary assignment  
26 appraising real property located in this State, even when that  
27 assignment is not part of a federally-related transaction.

28 The bill also would provide that the Director of the Division of  
29 Consumer Affairs must establish a toll-free hotline telephone number  
30 for persons to call with inquiries concerning the status of a real estate  
31 appraiser, including information concerning any disciplinary actions or  
32 complaints filed against the appraiser.

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34

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36

37 Revises various provisions of the "Real Estate Appraisers Act."



# SENATE COMMUNITY AFFAIRS COMMITTEE

## STATEMENT TO

### SENATE, No. 2316

with committee amendments

# STATE OF NEW JERSEY

DATED: DECEMBER 11, 1997

The Senate Community Affairs Committee reports favorably Senate Bill No. 2316 with committee amendments.

This bill, as amended, would require applicants and those persons already licensed or certified under the provisions of the "Real Estate Appraisers Act," P.L.1991, c.68 (C.45:14F-1 et seq.) to submit to a State and federal criminal history background check, to determine whether those persons are fit to be so licensed or certified. The State Real Estate Appraiser Board would be required to determine that an applicant for licensure or certification is unfit to be licensed or certified, as the case may be, and would be required to revoke the licensure or certification of a person currently licensed or certified if that person meets the criteria for disqualification as provided in the bill.

The bill, as amended, would also require that persons performing appraisals on real estate, regardless of the value or the purpose for which the appraisal is being performed, be certified or licensed in accordance with the provisions of the "Real Estate Appraisers Act," P.L.1991, c.68 (C.45:14F-1 et seq.). Under current law, a person not licensed or certified as an appraiser may appraise real estate with a value of \$150,000 or less, or may perform an appraisal, other than an appraisal for a federally related transaction, if the person for whom it is being performed is using the appraisal as information in making his or its own personal or business decisions.

In addition, the bill, as amended, would exempt from the provisions of the "Real Estate Appraisers Act": tax assessors and assistant tax assessors holding valid tax assessor certificates and employed by a county or municipal government or any political subdivision thereof whose appraisal activities are limited to appraisals in the course of their employment; State employees under certain circumstances when their appraisal activities are limited to the course of their employment; and real estate appraisers licensed or certified in another state in compliance with federal requirements while on temporary assignment appraising real property located in this State, even when that assignment is not part of a federally-related transaction.

The committee amended the bill to remove a provision that would have required the Director of the Division of Consumer Affairs to establish a toll-free hotline telephone number for persons to call with inquiries concerning the status of a real estate appraiser, including information concerning any disciplinary actions or complaints filed against the appraiser.

STATEMENT TO  
[First Reprint]  
**SENATE, No. 2316**

with Senate Floor Amendments  
(Proposed By Senator Connors)

ADOPTED: DECEMBER 15, 1997

This amendment would authorize a State or federally chartered bank, savings bank or savings and loan association to obtain and use appraisals made by a person who is not certified or licensed pursuant to the provisions of P.L.1991, c.68 (C.45:14F-1 et seq.) in any circumstance where the underlying transaction is a federally related transaction for which federal law and regulation do not require that a certified or licensed appraiser be used.

# LEGISLATIVE FISCAL ESTIMATE TO

[Second Reprint]  
SENATE, No. 2316

## STATE OF NEW JERSEY

DATED: JANUARY 13, 1998

Senate Bill No. 2316 (2R) of 1997 requires applicants for a real estate appraiser license or certificate, as well as current holders of a license or certificate, to pass to a State and federal criminal history background check. Applicants and licensees convicted of certain crimes and offenses enumerated in the bill would be disqualified from certification or licensure, unless able to demonstrate clear and convincing evidence of their rehabilitation to the State Real Estate Appraiser Board.

The bill also requires persons performing real estate appraisals, regardless of the value or purpose of the appraisal, to be certified or licensed under the "Real Estate Appraisers Act." A State or federally chartered bank, savings bank or savings and loan association would be authorized to obtain and use appraisals made by uncertified or unlicensed appraisers under certain circumstances. Under current law, a person not licensed or certified as an appraiser may appraise real estate with a value of \$150,000 or less, or may perform an appraisal, other than for a federally related transaction, if the recipient of the appraisal uses it in making a personal or business decision. The bill exempts certain appraisers employed by local and State governments from licensing and certification requirements if their appraisals are made in the course of their employment.

The State Real Estate Appraiser Board informally estimates that additional funding will be needed to defray the cost of screening completed criminal history background checks to determine whether applicants and licensees are in compliance with this bill. The board estimates this cost at approximately \$44,000, which would pay the salary and fringe benefits of one senior staff member for one year. During this time the board will be required to review the criminal history records of its 3,000 current licensees, in addition to new applicants. The bill is silent as to the payment of the \$49 cost of performing the required State and federal criminal background check. According to the board, applicants and licensees would be required to bear this cost.

The board does not expect the number of persons it licenses or certifies to be significantly changed by the enactment of this bill. The board states, for example, that most persons required by the bill to be licensed to perform appraisals of property worth \$150,000 or less are presently licensed by the board. The board further notes that many

persons exempted by the bill from licensing when conducting appraisals for government agencies do other appraisals for which a license is required. Therefore, licensing and certification revenue derived by the board is not likely to be appreciably changed by enactment of this bill.

In summary, the Office of Legislative Services estimates the cost to the board of this bill at approximately \$44,000 in the first year after its effective date. Additional costs in the two succeeding years should be minimal. If necessary, the board would defray these and any other added costs by increasing its current biennial licensing and renewal fees, which range from \$60 to \$240. Existing law permits the board to raise these fees if necessary to cover its operating costs.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

SENATE BILL NO. 2316  
(SECOND REPRINT)

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 2316 (Second Reprint) with my recommendations for reconsideration.

Summary of Bill

This bill requires real estate appraisers to submit to a State and federal criminal history background check to determine whether or not the appraisers are fit to be licensed or certified as appraisers. The State Board of Real Estate Appraisers would be required to determine the fitness of an appraiser to be licensed if criminal history record information is discovered by the background check. Additionally, the bill eliminates an exception to existing law that allows unlicensed or non-certified individuals to perform certain appraisals on property valued under \$150,000. State employees acting in the course of their employment, employees of federally and-State chartered banks, and tax assessors are exempt from this bill.

Recommended Action

The intent of this bill is laudable in light of recent scandals involving fraudulent appraisals. Performing criminal background checks on currently licensed and certified appraisers, as well as future applicants for licensure and certification, will help preserve the integrity of appraisals performed on property in the State of New Jersey. The cost of the criminal background checks should be borne, however, by the licensed and certified appraisers, not by New Jersey's taxpayers.

STATE OF NEW JERSEY  
EXECUTIVE DEPARTMENT

Therefore, I herewith return Senate Bill No. 2316 (Second Reprint) and recommend that it be amended as follows:

Page 4, Section 4, After Line 43: Insert new subsection as follows:

"e. All costs associated with performing the criminal history check required by P.L. , c. (C. ) (now pending before the Legislature as this bill shall be borne by the applicant for licensure or certification or the holder of any license or certification."

Respectfully,

/s/ Christine Todd Whitman

GOVERNOR

[seal]

Attest:

/s/ Michael P. Torpey

Chief Counsel to the Governor