

State Real Estate Appraiser Board

consumer**brief**

The New Jersey Legislature created the State Real Estate Appraiser Board to regulate the appraisal profession and evaluate the credentials of applicants for licensure and certification.

The Board consists of nine members who are responsible for issuing licenses and certificates of real estate appraisal to qualified applicants. The Board also investigates consumer complaints. Disciplinary action is taken by the Board against licensees who have been found to be in violation of the law.

FOR WHAT PURPOSES ARE REAL ESTATE APPRAISALS USED?

An appraisal is an independent, unbiased estimate of value of real property. The appraiser is hired by a consumer or by a lender, such as a mortgage company or a bank, to analyze real estate for the purpose of estimating value. The lender then determines whether the property is worth enough to justify or support the loan which is being sought.

The lender may hire an appraiser when the consumer is applying for a mortgage or home equity loan. The appraiser arrives at an appraisal that allows the lender to determine what amount can be loaned to the consumer, if any.

Only licensed or certified appraisers are permitted to appraise real estate. Some examples of when you may want to hire an appraiser would be when:

- applying for an extension of credit;
- a legal issue is involved, such as settling an estate; or
- there is a transaction involving a financial institution, such as when applying for a mortgage or home equity loan.

As a result of the Equal Credit Opportunity Act, consumers may request copies of appraisal reports from the lender in situations when the lender is the one who contracted to have the appraisal done.



HOW DO CONSUMERS BENEFIT FROM HIRING A REAL ESTATE APPRAISER?

An appraisal can be key to protecting your interests in financial dealings. When there is a question regarding the value of your property, there is also a risk involved. A professional appraiser helps you manage your risk by providing a well-developed, documented, unbiased estimate of value on which you can base your final decisions.

Value-oriented risks may include:

- selling too low;
- paying too much;
- being over or underinsured;
- not getting your fair share in a division of property;
- paying too much in taxes; and
- being audited when claiming a deduction for a charitable contribution or a business loss.

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CHOOSING A PROFESSIONAL APPRAISER

A key question to ask, prior to hiring an appraiser, is whether or not he or she is licensed. Selecting an ethical appraiser who complies with the requirements of the State Real Estate Appraiser Board is the best assurance that you are working with a professional who will provide quality services. The recognition the appraiser has received for professional activities and whether the appraiser is currently licensed or certified and in good standing with the State Real Estate Appraiser Board are often important criteria for selection. You should call the Board to verify licensure at 973-504-6480.

Professional appraisers value property with independence and objectivity. Look for an appraiser who has experience in appraising properties similar to the property you want appraised. You can do this by reviewing the appraiser's job history, resume or other information which shows his or her work experience.

Under New Jersey law, there are three licensing levels of appraisers under the jurisdiction of New Jersey's State Real Estate Appraiser Board. Two of these levels, Licensed and Certified Residential Real Estate Appraisers, may appraise real estate subject to limitations regarding the type of property and value. A Certified General Real Estate Appraiser is a comprehensive level of licensure which qualifies the appraiser to appraise any and all types of properties.

You should also check references or recommendations from financial institutions, insurance companies, museums, and government bodies for whom the appraiser has performed appraisal services.

Any concern regarding the work of an appraiser should be discussed with the appraiser. If it cannot be resolved to your satisfaction, you should contact the Division of Consumer Affairs' State Real Estate Appraiser Board. If warranted, the Board will investigate your complaint and take disciplinary action when appropriate.

HOW DOES AN APPRAISER ESTIMATE VALUE?

A real estate appraiser uses accepted methods and techniques of valuation for the preparation of an unbiased analysis of the nature, quality, value or utility of the real property being appraised.

There are three recognized approaches to value:

Sales Comparison Approach

This approach compares similar, recently sold properties to the property being appraised.

Income Approach

This method estimates what a prudent investor would pay for the property based on the income the property produces.

Cost Approach

When this approach is used, an estimate is made for the cost to replace or reproduce the property being appraised.

THE MARK OF A TRUE PROFESSIONAL

In order for an individual to be eligible for licensure as a State-licensed real estate appraiser, an applicant must be at least 18 years old and possess a high school diploma. The applicant must also have real estate appraisal experience which meets the standards established by the Appraisal Foundation and must have successfully completed a Board-prescribed course of study in real estate appraisal. Finally, the applicant must pass a real estate appraiser licensing examination.

The Uniform Standards of Professional Appraisal Practice requires an appraiser to thoroughly disclose, to the client, the limits of his or her knowledge. Appraisers may address this issue by declining to work for a client or by gaining the necessary experience to complete the job. The second scenario usually is quickly accomplished by bringing in an additional appraiser with knowledge and experience needed for that particular assignment. The appraiser who fails to comply with these provisions may be in violation of the competency provisions and may be subject to disciplinary action.

An appraiser must include on all appraisal reports his or her appraiser's title or classification and State license or certification number.

If you have any questions, you may contact the State Real Estate Appraiser Board by telephone at 1-800-242-5846 or write us at:

Division of Consumer Affairs
State Real Estate Appraiser Board
124 Halsey Street
PO Box 45032
Newark, NJ 07101

or send an e-mail to: AskConsumerAffairs@lps.state.nj.us.

Additional information may be found by going to: www.NJConsumerAffairs.gov, and clicking on **Boards & Committees, Real Estate Appraiser**.

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