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NEW JERSEY ADMINISTRATIVE CODE

TITLE 13

LAW AND PUBLIC SAFETY

CHAPTER 40A

STATE BOARD OF REAL ESTATE APPRAISERS

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SUBCHAPTER 1. PURPOSE AND SCOPE; DEFINITIONS

13:40A-1.1 PURPOSE AND SCOPE

- a) The rules in this chapter implement the provisions of the Real Estate Appraisers Act, P.L. 1991, c.68, as amended by P.L. 1997, c. 401, and P.L. 2017, c. 72 (N.J.S.A. 45:14F-1 et seq.).
- b) This chapter shall apply to all persons applying for licensure as a licensed real estate appraiser or certification as a certified residential real estate appraiser or as a certified general real estate appraiser, or for registration as an appraisal management company, and to persons licensed, certified, or registered by the Board of Real Estate Appraisers in the State of New Jersey.
- c) All persons applying for licensure or certification will be required to satisfy the education and experience requirements contained in the Real Property Appraiser Qualification Criteria, which are incorporated herein by reference, as amended and supplemented, and available at http://www.appraisalfoundation.org/imis/TAF/Standards/Qualification_Criteria/Qualification_Criteria_RP_TAF/AQB_RPAQC.aspx?hkey=5ec61b8d-751b-4a97-90b1-9b3dae51beea, prior to taking the AQB-approved National Uniform Licensing and Certification Examination.

13:40A-1.2 DEFINITIONS

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Appraisal Foundation" means the Appraisal Foundation incorporated in the State of Illinois as a nonprofit corporation on November 30, 1987, as denominated in Title XI of Publ. L. 101-73 (12 U.S.C. section 3331 et seq.).

"Appraisal Qualification Board (AQB)" means the independent board of the Appraisal Foundation, which under the provisions of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) establishes the minimum education, experience, and examination requirements for real property appraisers to obtain a state certification or license. The address and phone number of the AQB is 1155 15th Street, NW Suite 1111, Washington, DC 20005, (202) 347-7722. The website for the AQB is www.appraisalfoundation.org.

"Board" means the State Real Estate Appraiser Board in the Division of Consumer Affairs.

"Jurisdiction" means the 50 United States, the District of Columbia, American Samoa, Guam, Mariana Islands, Puerto Rico and the United States Virgin Islands.

"State certified general real estate appraiser" ("SCGREA") means an individual who has satisfied the experience and education requirements as set forth in this chapter, has successfully completed the Board approved examination, and holds a current, valid certificate as a certified general real estate appraiser.

"State certified residential real estate appraiser" ("SCRREA") means an individual who has satisfied the experience and education requirements as set forth in this chapter, has successfully completed the Board approved examination, and holds a current, valid certificate as a certified residential real estate appraiser.

"State licensed real estate appraiser" ("SLREA") means an individual who has satisfied the experience and education requirements as set forth in this chapter, has successfully completed the Board approved examination, and holds a current, valid license for real estate appraisal.

"Trainee" means an individual in the process of acquiring the hours of appraisal experience and qualifying education required for certification or licensure under the direct supervision of a certified appraiser pursuant to this chapter.

"Uniform Standards of Professional Appraisal Practice (USPAP)" means the published standards set forth by the Appraisal Standards Board of the Appraisal Foundation (1155 15th Street, NW, Suite 1111, Washington, D.C. 20005) (July 1, 2006). The standards include the generally accepted standards of appraisal practice; a history of changes to those standards; all statements on Appraisal Standards; all Advisory Opinions issued for general distribution; a Glossary and an Index. The Uniform Standards of Professional Appraisal Practice are hereby incorporated by reference, as amended and supplemented, in the established rules for the review and interpretation of the competency and practice of appraisers licensed or certified by the Board.

13:40A-1.3 SCOPE OF PRACTICE

- a) The scope of practice of appraisers with the licensed real estate appraiser qualification is the appraisal of non-complex one to four residential units having a transaction value less than \$1,000,000 and complex one to four residential units having a transaction value less than \$250,000.
- b) The scope of practice of appraisers with the certified residential real estate appraiser qualification is the appraisal of one to four residential units without regard to transaction value or complexity.
- c) The scope of practice of appraisers with the certified general real estate appraiser classification is the appraisal of all types of property.
- d) The scope of practice of appraiser trainees is the appraisal of those properties which the supervising appraiser is permitted to appraise.

**SUBCHAPTER 2.
CERTIFICATION OF GENERAL REAL ESTATE APPRAISERS**

13:40A-2.1 ELIGIBILITY FOR CERTIFICATION AS A GENERAL REAL ESTATE APPRAISER

In order to be eligible for certification as a general real estate appraiser, an applicant shall be required to successfully complete the education and experience requirements set forth in N.J.A.C. 13:40A-2.2 and shall successfully complete the Board-approved examination for the certification of general real estate appraisers.

13:40A-2.2 ELIGIBILITY FOR ADMISSION TO EXAMINATION

- a) An applicant for certification as a general real estate appraiser shall present the following:
 - 1) Evidence that he or she is at least 18 years of age;
 - 2) Evidence of good moral character, as established by references from individuals, schools, and other records acceptable to the Board;
 - 3) A high school diploma or its equivalent;
 - 4) Completion of the educational requirements described in N.J.A.C. 13:40A-2.3;

- 5) The level of education as established by "The Real Property Appraiser Qualification Criteria and Interpretation of the Criteria" as promulgated by the AQB of the Appraisal Foundation as amended and supplemented, which are incorporated herein by reference as part of this rule;
- 6) Real estate appraisal experience as described in N.J.A.C. 13:40A-2.4; and
- 7) The certification and authorization form for criminal history background check, as provided by the Board, and the applicant's fingerprints as processed by the vendor under contract with the State.

13:40A-2.3 SOURCE OF EDUCATION FOR CERTIFICATION AS A GENERAL REAL ESTATE APPRAISER

- a) All qualifying education taken on or after December 3, 2007, to satisfy the educational requirements for certification as a general real estate appraiser, with the exception of the college level course requirement as defined by the AQB, shall be approved by the AQB's Course Approval Program.
- b) Credit towards qualifying educational requirements may be obtained via the completion of a degree program in real estate from an accredited degree-granting college or university provided the college or university has had its curriculum reviewed and approved by the AQB.

13:40A-2.4 EXPERIENCE REQUIREMENTS FOR CERTIFICATION AS A GENERAL REAL ESTATE APPRAISER

Each applicant applying for certification as a general real estate appraiser shall be required to complete, by the time the application is submitted to the Board, the experience requirements for a general real estate appraiser as established by "The Real Property Appraiser Qualification Criteria and Interpretation of the Criteria" as promulgated by the AQB of the Appraisal Foundation as amended and supplemented, which are incorporated herein by reference as part of this rule.

13:40A-2.5 TEMPORARY VISITING CERTIFICATE; CERTIFIED GENERAL REAL ESTATE APPRAISER

- a) Upon application to the Board and payment of a registration fee, an appraiser certified as a general real estate appraiser in another jurisdiction may be issued a temporary visiting certificate as a general real estate appraiser for a specific appraisal assignment, provided that the individual submits satisfactory proof to the Board that the individual has a current valid certificate to practice as a general real estate appraiser in another jurisdiction.

- b) An appraiser certified by another jurisdiction may apply for no more than three temporary certificates, within one calendar year, except that the Board may waive the limitation based on a showing of good cause by the applicant.
- c) For purposes of this section, the term "Federally related transaction" shall mean any real estate-related financial transaction, which a Federal financial institutions regulatory agency engages in, contracts for, or regulates. An appraiser certified by another jurisdiction shall apply for a temporary visiting certificate without the limitations stated in (b) above if the property to be appraised is part of a Federally related transaction. The temporary visiting certificate issued under this section shall be valid for at least six months and shall be extended upon request for extension to the Board by the applicant.
- d) The temporary visiting certificate issued under (c) above shall become invalid if the appraiser certified as a general real estate appraiser in another jurisdiction no longer holds a valid license in that jurisdiction.
- e) As a condition of receiving a temporary visiting certificate, an applicant shall consent to service of process within the State.

13:40A-2.6 CREDIT TOWARDS CERTIFICATION AS A GENERAL REAL ESTATE APPRAISER FOR EDUCATION, TRAINING, AND EXPERIENCE RECEIVED WHILE SERVING AS A MEMBER OF THE ARMED FORCES

- a) An applicant who has served in the Armed Forces of the United States (Armed Forces) and who does not meet all of the training, education, and experience requirements for certification under N.J.A.C. 13:40A-2 may apply to the Board for recognition of the applicant's training, education, and/or experience received while serving as a member of the Armed Forces, which the Board shall consider, together with any training, education, and/or experience obtained outside of the Armed Forces, for determining substantial equivalence to the training, education, and experience required for certification.
- b) The Board shall issue a certification as a general real estate appraiser to the applicant if the applicant presents evidence to the Board that:
 - 8) The applicant has been honorably discharged from active military service;
 - 9) The relevant training, experience, and education the applicant has received in the military, together with any training, education, and experience obtained outside of the Armed Forces, is substantially equivalent in scope and character to the training, experience, and education required for certification under N.J.A.C. 13:40A-2;

i) An applicant seeking credit for military training and experience shall submit to the Board the applicant's Verification of Military Experience and Training (VMET) Document, DD Form 2586 or a successor form, as amended and supplemented;

ii) An applicant seeking credit for education courses and/or training completed while in the military that are not approved by the AQB's Course Approval Program shall submit to the Board a Joint Services Transcript of his or her education/training for a determination that the education courses and/or training completed are substantially equivalent in level, scope, and intent to the courses and/or training approved by the AQB's Course Approval Program as required for certification under N.J.A.C. 13:40A-2.3. For the purpose of determining substantial equivalence of the applicant's military education and/or training, the Board shall consider only those education courses and/or training relevant to the practice of real estate appraising that have been evaluated by the American Council on Education for substantial equivalence to civilian postsecondary curricula.

iii) An applicant seeking credit for education courses and/or training completed while in the military that are not part of a degree program in real estate from an accredited degree-granting college or university whose curriculum was reviewed and approved by the AQB shall submit to the Board a Joint Services Transcript of his or her education/training for a determination that the education courses and/or training completed are substantially equivalent in level, scope, and intent to those in a degree program in real estate from an accredited degree-granting college or university whose curriculum was reviewed and approved by the AQB as required for certification under N.J.A.C. 13:40A-2.3. For the purpose of determining substantial equivalence of the applicant's military education or training, the Board shall consider only those education courses and/or training relevant to the practice of real estate appraising that have been evaluated by the American Council on Education for substantial equivalence to civilian postsecondary curricula.

3) The applicant complies with all other requirements for certification, including successful completion of the examination as set forth in N.J.A.C. 13:40A-2.1.

- c) It is the applicant's responsibility to provide timely and complete evidence of the education, training and/or experience gained in the military for review and consideration.
- d) If the applicant's military training, education, and/or experience, or a portion thereof, is not deemed to be substantially equivalent to that required for certification, the Board shall credit whatever portion of the military training, education, and/or experience that is

substantially equivalent towards meeting the requirements under N.J.A.C. 13:40A-2.4 for the issuance of the certification as a general real estate appraiser.

- e) Satisfactory evidence of such education, training, and/or experience will be assessed on a case by case basis.

SUBCHAPTER 2A. CERTIFICATION OF RESIDENTIAL REAL ESTATE APPRAISERS

13:40A-2A.1 ELIGIBILITY FOR CERTIFICATION AS A RESIDENTIAL REAL ESTATE APPRAISER

In order to be eligible for certification as a residential real estate appraiser, an applicant shall be required to successfully complete the education and experience requirements set forth in N.J.A.C. 13:40A-2A.2 and shall successfully complete the Board-approved examination for the certification of residential real estate appraisers.

13:40A-2A.2 ELIGIBILITY FOR ADMISSION TO EXAMINATION

- a) An applicant for certification as a residential real estate appraiser shall present the following:
 - 1) Evidence that he or she is at least 18 years of age;
 - 2) Evidence of good moral character, as established by references from individuals, schools and other records acceptable to the Board;
 - 3) A high school diploma or its equivalent;
 - 4) Completion of the educational requirements described in N.J.A.C. 13:40A-2A.3;
 - 5) The level of education as established by "The Real Property Appraiser Qualification Criteria and Interpretation of the Criteria" as promulgated by the AQB of the Appraisal Foundation as amended and supplemented, which are incorporated herein by reference as part of this rule;
 - 6) Real estate appraisal experience as described in N.J.A.C. 13:40A-2A.4; and

- 7) The certification and authorization form for criminal history background check, as provided by the Board, and the applicant's fingerprints as processed by the vendor under contract with the State.

13:40A-2A.3 SOURCE OF EDUCATION FOR CERTIFICATION AS A RESIDENTIAL REAL ESTATE APPRAISER

- a) All qualifying education taken on or after December 3, 2007, to satisfy the educational requirements for certification as a residential real estate appraiser, with the exception of the college level course requirement as defined by the AQB, shall be approved by the AQB's Course Approval Program.
- b) Credit towards qualifying education requirements may be obtained via the completion of a degree program in real estate from an accredited degree-granting college or university provided the college or university has had its curriculum reviewed and approved by the AQB.

13:40A-2A.4 EXPERIENCE REQUIREMENTS FOR CERTIFICATION AS A RESIDENTIAL REAL ESTATE APPRAISER

Each applicant applying for certification as a residential real estate appraiser shall complete, by the time the application is submitted to the Board, the experience requirements for a residential real estate appraiser as established by The Real Property Appraiser Qualification Criteria and Interpretation of the Criteria, as promulgated by the AQB of the Appraisal Foundation, which are incorporated herein by reference, as amended and supplemented, as part of this section.

13:40A-2A.5 TEMPORARY VISITING CERTIFICATE; CERTIFIED RESIDENTIAL REAL ESTATE APPRAISER

- a) Upon application to the Board and payment of a registration fee, an appraiser certified as a residential real estate appraiser in another jurisdiction may be issued a temporary visiting certificate as a residential real estate appraiser for a specific appraisal assignment, provided that the individual submits satisfactory proof to the Board that the individual has a current valid certificate to practice as a residential real estate appraiser in another jurisdiction.
- b) An appraiser certified by another jurisdiction may apply for no more than three temporary certificates within one calendar year, except that the Board may waive the limitation based on a showing of good cause by the applicant.
- c) For purposes of this section, the term "Federally related transaction" shall mean any real estate-related financial transaction, which a Federal financial institutions regulatory

agency engages in, contracts for, or regulates. An appraiser certified by another jurisdiction shall apply for a temporary visiting certificate without the limitations stated in (b) above if the property to be appraised is part of a Federally related transaction. The temporary visiting certificate issued under this section shall be valid for at least six months and shall be extended upon request for extension to the Board by the applicant.

- d) The temporary visiting certificate issued under (c) above shall become invalid if the appraiser certified as a residential real estate appraiser in another jurisdiction no longer holds a valid license in that jurisdiction.
- e) As a condition of receiving a temporary visiting certificate an applicant shall consent to service of process within the State.

13:40A-2A.6 CREDIT TOWARDS CERTIFICATION AS A RESIDENTIAL REAL ESTATE APPRAISER FOR EDUCATION, TRAINING, AND EXPERIENCE RECEIVED WHILE SERVING AS A MEMBER OF THE ARMED FORCES

a) An applicant who has served in the Armed Forces of the United States (Armed Forces) and who does not meet all of the training, education, and experience requirements for certification under N.J.A.C. 13:40A-2A may apply to the Board for recognition of the applicant's training, education, and/or experience received while serving as a member of the Armed Forces, which the Board shall consider, together with any training, education, and/or experience obtained outside of the Armed Forces, for determining substantial equivalence to the training, education, and experience required for certification.

b) The Board shall issue a certification as a residential real estate appraiser to the applicant if the applicant presents evidence to the Board that:

- 1) The applicant has been honorably discharged from active military service;
- 2) The relevant training, experience, and education the applicant received in the military, together with any training, education, and experience obtained outside of the Armed Forces, is substantially equivalent in scope and character to the training, experience, and education required for certification under N.J.A.C. 13:40A-2A.

i) An applicant seeking credit for military training and experience shall submit to the Board the applicant's Verification of Military Experience and Training (VMET) Document, DD Form 2586 or a successor form, as amended and supplemented;

ii) An applicant seeking credit for education courses and/or training completed while in the military that are not approved by the AQB's Course Approval Program shall submit to the Board a Joint Services Transcript of his or her

education/training for a determination that the education courses and/or training completed are substantially equivalent in level, scope, and intent to those approved by the AQB's Course Approval Program as required for certification under N.J.A.C. 13:40A-2A.3. For the purpose of determining substantial equivalence of the applicant's military education and/or training, the Board shall consider only those education courses and/or training relevant to the practice of real estate appraising that have been evaluated by the American Council on Education for substantial equivalence to civilian postsecondary curricula.

iii) An applicant seeking credit for education courses and/or training completed while in the military that are not part of a degree program in real estate from an accredited degree-granting college or university whose curriculum was reviewed and approved by the AQB, shall submit to the Board a Joint Services Transcript of his or her education/training for a determination that the education courses and/or training completed are substantially equivalent in level, scope, and intent to those in a degree program in real estate from an accredited degree-granting college or university whose curriculum was reviewed and approved by the AQB as required for certification under N.J.A.C. 13:40A-2A.3. For the purpose of determining substantial equivalence of the applicant's military education and/or training, the Board shall consider only those education courses and/or training relevant to the practice of real estate appraising that have been evaluated by the American Council on Education for substantial equivalence to civilian postsecondary curricula; and

- 3) The applicant complies with all other requirements for certification, including successful completion of the examination as set forth in N.J.A.C. 13:40A-2A.1.
- c) It is the applicant's responsibility to provide timely and complete evidence of the education, training, and/or experience gained in the military for review and consideration.
- d) If the applicant's military training, education and/or experience, or a portion thereof, is not deemed to be substantially equivalent to that required for certification, the Board shall credit whatever portion of the military training, education, and/or experience that is substantially equivalent towards meeting the requirements under N.J.A.C. 13:40A-2A.4 for the issuance of the certification as a residential real estate appraiser.
- e) Satisfactory evidence of such education, training, and/or experience will be assessed on a case by case basis.

SUBCHAPTER 3.

LICENSING OF RESIDENTIAL REAL ESTATE APPRAISERS

13:40A-3.1 ELIGIBILITY FOR LICENSURE

In order to be eligible for licensure as a residential real estate appraiser, an applicant shall be required to successfully complete the education and experience requirements set forth in N.J.A.C. 13:40A-3.2 and shall successfully complete the Board-approved examination for the licensure of residential real estate appraisers.

13:40A-3.2 ELIGIBILITY FOR ADMISSION TO EXAMINATION

- a) An applicant for licensure as a residential real estate appraiser shall present the following:
- 1) Evidence that he or she is at least 18 years of age;
 - 2) Evidence of good moral character, as established by references from individuals, schools and other records acceptable to the Board;
 - 3) A high school diploma or its equivalent;
 - 4) Completion of the educational requirements as described in N.J.A.C. 13:40A-3.3;
 - 5) Real estate appraisal experience as described in N.J.A.C. 13:40A-3.4; and
 - 6) The certification and authorization form for criminal history background check, as provided by the Board, and the applicant's fingerprints as processed by the vendor under contract with the State.

13:40A-3.3 EDUCATION REQUIREMENTS FOR LICENSURE

- a) In order to be eligible to take the examination for licensure as a licensed residential real estate appraiser, an applicant shall complete, by the time the application is submitted to the Board, the education requirements for a licensed residential real estate appraiser as established by "the Real Property Appraiser Qualification Criteria and Interpretation of the Criteria" as promulgated by the AQB of the Appraisal Foundation as amended and supplemented, which are incorporated herein by reference as part of this rule.

- b) All qualifying education taken on or after December 3, 2007, to satisfy the educational requirements for licensure as a licensed real estate appraiser shall be approved by the AQB's Course Approval Program.

13:40A-3.4 EXPERIENCE REQUIREMENTS FOR LICENSURE

- a) Each applicant applying for licensure as a licensed residential real estate appraiser shall complete, by the time the application is submitted to the Board, the experience requirements for a licensed real estate appraiser as established by "The Real Property Appraiser Qualification Criteria and Interpretation of the Criteria" as promulgated by the AQB of the Appraisal Foundation as amended and supplemented, which are incorporated herein by reference as part of this rule.

- b) The experience requirement shall be completed in no fewer than 12 months.

13:40A-3.5 CREDIT TOWARDS LICENSURE AS A RESIDENTIAL REAL ESTATE APPRAISER FOR EDUCATION, TRAINING, AND EXPERIENCE RECEIVED WHILE SERVING AS A MEMBER OF THE ARMED FORCES

- a) An applicant who has served in the Armed Forces of the United States and who does not meet all of the training, education, and experience requirements for licensure under N.J.A.C. 13:40A-3 may apply to the Board for recognition of the applicant's training, education, and experience received while serving as a member of the Armed Forces, which the Board shall consider together with any training, education, and experience obtained outside of the Armed Forces, for determining substantial equivalence to the training, education, and experience required for licensure.

- b) The Board shall issue a license as a residential real estate appraiser to the applicant if the applicant presents evidence to the Board that:
 - 1) The applicant has been honorably discharged from active military service;

 - 2) The relevant training, experience, and education the applicant received in the military, together with any training, education, and experience obtained outside of the Armed Forces, is substantially equivalent in scope and character to the training, experience, and education required for certification under N.J.A.C. 13:40A-3.

 - i) An applicant seeking credit for military training and experience shall submit to the Board the applicant's Verification of Military Experience and Training (VMET) Document, DD Form 2586 or a successor form, as amended and supplemented.

ii) An applicant seeking credit for education courses and/or training completed while in the military that are not approved by the AQB's Course Approval Program shall submit to the Board a Joint Services Transcript of his or her education/training for a determination that the education courses and/or training completed are substantially equivalent in level, scope, and intent to those approved by the AQB Course Approval Program as required for certification under N.J.A.C. 13:40A-3.3. For the purpose of determining substantial equivalence of the applicant's military education and/or training, the Board shall consider only those education courses and/or training relevant to the practice of real estate appraising that have been evaluated by the American Council on Education for substantial equivalence to civilian postsecondary curricula.

iii) An applicant seeking credit for education courses and/or training completed while in the military that are not part of a degree program in real estate from an accredited degree-granting college or university whose curriculum was reviewed and approved by the AQB shall submit to the Board a Joint Services Transcript of his or her education/training for a determination that the education courses and/or training completed are substantially equivalent in level, scope, and intent to those in a degree program in real estate from an accredited degree-granting college or university whose curriculum was reviewed and approved by the AQB as required for licensure under N.J.A.C. 13:40A-3.3. For the purpose of determining substantial equivalence of the applicant's military education and/or training, the Board shall consider only those education courses and/or training relevant to the practice of real estate appraising that have been evaluated by the American Council on Education for substantial equivalence to civilian postsecondary curricula; and

3) The applicant complies with all other requirements for licensure, including successful completion of the examination as set forth in N.J.A.C. 13:40A-3.1.

- c) It is the applicant's responsibility to provide timely and complete evidence of the education, training, and/or experience gained in the military for review and consideration.
- d) If the applicant's military training, education, and/or experience, or a portion thereof, is not deemed to be substantially equivalent to that required for licensure, the Board shall credit whatever portion of the military training, education, and/or experience that is substantially equivalent towards meeting the requirements under N.J.A.C. 13:40A-3.4 for the issuance of the license as a residential real estate appraiser.
- e) Satisfactory evidence of such education, training, or/and experience shall be assessed on a case-by-case basis.

13:40A-3.6 TEMPORARY VISITING LICENSES

- a) Upon application to the Board and payment of a registration fee, an appraiser licensed in another jurisdiction may be issued a temporary visiting license for a specific appraisal assignment, provided that the individual submits satisfactory proof to the Board that the individual has a current valid license to practice in another jurisdiction.
- b) An appraiser licensed by another jurisdiction may apply for no more than three temporary licenses within one calendar year, except that the Board may waive the limitation based on a showing of good cause by the applicant.
- c) For purposes of this section, the term "Federally related transaction" shall mean any real estate-related financial transaction, which a Federal financial institutions regulatory agency engages in, contracts for, or regulates. An appraiser licensed by another jurisdiction shall apply for a temporary visiting license without the limitations stated in (b) above if the property to be appraised is part of a Federally related transaction. The temporary visiting license issued under this section shall be valid for at least six months and shall be extended upon request for extension to the Board by the applicant.
- d) The temporary visiting license issued under (c) above shall become invalid if the appraiser licensed by another jurisdiction no longer holds a valid license in that jurisdiction.
- e) As a condition of receiving a temporary visiting license an applicant shall consent to service of process within the State.

**SUBCHAPTER 4.
TRAINEE PERMITS**

13:40A-4.1 PURPOSE AND SCOPE; APPLICATION

- a) The rules in this chapter establish a voluntary real estate appraiser trainee program for individuals in the process of acquiring the appraisal experience required in order to be licensed or certified pursuant to this chapter.
- b) The successful application of and compliance with the rules in this subchapter by a real estate appraiser trainee does not grant the trainee automatic certification or licensure.

13:40A-4.2 (RESERVED)**13:40A-4.3 EDUCATION REQUIREMENTS**

- a) Each applicant applying for a trainee permit shall complete, within a five-year period prior to the time the application is submitted to the Board, the education requirements for a trainee as established by "The Real Property Appraiser Qualification Criteria and Interpretation of the Criteria" as promulgated by the AQB of the Appraisal Foundation as amended and supplemented, which are incorporated herein by reference as part of this rule.
- b) Prior to obtaining a trainee appraiser credential, a trainee applicant shall complete a course that, at a minimum, is oriented to the expectations for trainee appraisers and complies with the specifications for the course content established by the AQB.

13:40A-4.4 ANNUAL TRAINEE PERMIT RENEWAL

All trainee permits shall be valid for a period of one year. A trainee may renew his or her annual permit a maximum total of three times, upon submission to the Board of a renewal application, the permit renewal fee, and a log in the form set forth in N.J.A.C. 13:40A-4.7.

13:40A-4.5 RESPONSIBILITIES OF TRAINEE

- a) The holder of a trainee permit issued by the Board shall work only under the "direct supervision," as that term is defined in N.J.A.C. 13:40A-4.6, of a "supervising appraiser," who shall be an individual certified in good standing by the Board, who has not been subject to any disciplinary action within the previous three years that affected the supervising appraiser's legal ability to engage in appraisal practice, and who has acknowledged in writing an agreement to perform the responsibilities of a supervising appraiser set forth in N.J.A.C. 13:40A-4.6. Prior to commencing any work as a trainee, the holder of a trainee permit shall inform the Board in writing of the identity of any individual(s) who have agreed to serve as a "supervising appraiser" for the trainee. The holder of a trainee permit shall inform the Board in writing, within seven days, in the event that any individual previously designated as a "supervising appraiser" ceases to agree to perform the responsibilities of a "supervising appraiser," or in the event that any individual not previously designated as a "supervising appraiser" agrees to supervise the work product of the trainee. A trainee may have more than one approved "supervising appraiser."
- b) The holder of a trainee permit issued by the Board shall have the following duties and responsibilities:

- 1) The trainee shall maintain and submit to the Board upon application for permit renewal a log, which meets the requirements set forth in N.J.A.C. 13:40A-4.7. The trainee and his or her "supervising appraiser" shall have the shared responsibility to make sure that the log is accurate and current and meets the requirements set forth in N.J.A.C. 13:40A-4.7;
 - 2) The trainee shall ensure that the log is available at all times for inspection by the Board;
 - 3) When performing appraisal assignments, the trainee shall carry the permit issued by the Board;
 - 4) In the event a supervising appraiser can no longer provide direct supervision to a trainee, the trainee shall return the permit within 30 days to the Board;
 - 5) The Board shall reissue the permit to the trainee when the trainee has obtained a new supervising appraiser.
 - 6) The trainee shall comply with the provisions of the Uniform Standards of Professional Appraisal Practice (USPAP).
- c) The holder of a trainee permit issued by the Board shall not solicit or maintain a direct relationship with a client, a party or parties who engage an appraiser by employment or contract in a specific assignment. The trainee shall not collect any fees from the client, except when acting as an agent of the supervising appraiser. The supervising appraiser shall ensure that any form of payment shall be directed to the supervising appraiser.
- d) The holder of a trainee permit issued by the Board shall not advertise. Any advertisement in the name of a supervising appraiser with whom the trainee is associated may include the name of the trainee by clearly indicating such person as a trainee. This shall not prohibit a trainee's use of standard business cards which clearly indicate such person as a trainee.

13:40A-4.6 RESPONSIBILITIES OF SUPERVISING APPRAISER

- a) Any individual designated as a "supervising appraiser" by the holder of a trainee permit shall acknowledge in writing to the Board that he or she agrees to perform all responsibilities set forth in (f) below.
- b) Supervising appraisers shall be in good standing with the Board and shall not have been subject to any disciplinary action that affects their legal eligibility to engage in appraisal

practice, including revocation or suspension, within any jurisdiction within the last three years.

- c) No appraiser shall serve as a supervising appraiser until he or she has held a certification from the Board for at least three years.
- d) Only those individuals who are certified by the Board as either a State-certified general real estate appraiser or a State-certified residential real estate appraiser shall be a supervising appraiser.
- e) A supervising appraiser shall have the following duties and responsibilities:
 - 1) The supervising appraiser shall at all times be responsible for and provide direct supervision of the work performed by the trainee. For purposes of this section, "direct supervision" means:
 - i) To personally review the work product of the trainee;
 - ii) To approve, sign, and accept responsibility for each appraisal report including work product prepared by the trainee or in which the trainee has made a professional contribution and to sign all such reports and certify that all such reports have been independently and impartially prepared in compliance with the Uniform Standards of Professional Appraisal Practice, these rules and applicable statutory standards; and
 - iii) To indicate, within the certification section of the appraisal report, the name of the trainee providing significant real property appraisal assistance. For purposes of this subparagraph, "significant" means the exercise of appraisal knowledge and training and does not mean clerical or fact gathering tasks.
 - 2) The supervising appraiser shall, at least once a month, sign the log required to be kept by the trainee pursuant to N.J.A.C. 13:40A-4.7 and shall set forth thereon his or her certification number. A "supervising appraiser" and any trainee that he or she is supervising shall have the shared responsibility to make sure that the log is accurate and current and meets the requirements set forth in N.J.A.C. 13:40A-4.7.
 - 3) The supervising appraiser shall provide the trainee with a copy of any final appraisal report in which the trainee's work product has been utilized or in which the trainee made a professional contribution.

- 4) The supervising appraiser shall immediately notify the Board and his or her trainee(s), in writing, in the event that he or she ceases to perform or is unable to perform the responsibilities set forth in this section.
- 5) A supervising appraiser shall not supervise more than three trainees at one time.
- 6) The supervising appraiser shall personally inspect, with the trainee, the interior and exterior of each appraised property until the supervising appraiser determines that the trainee is competent in accordance with the Competency Rule of the Uniform Standards of Professional Appraisal Practice. Upon making the determination of competency, the supervising appraiser shall request a competency certification form from the Board. The supervising appraiser shall submit, to the Board, within 30 days of receipt of the competency certification form, the certification that the trainee is competent to perform property inspections independently. Examples of competency include, but are not limited to, properly identifying the problem to be addressed, being familiar with a specific type of property, market, geographic area, or analytical method.
- 7) The supervising appraiser shall prepare and furnish a signed statement describing the nature and extent of the assistance rendered to each trainee who provided services on an appraisal assignment. This statement shall be placed in the workfile of the appraisal assignment.
- 8) Upon the termination of the supervising appraiser and the trainee relationship, the supervising appraiser shall request an evaluation certification form from the Board. The supervising appraiser shall submit, to the Board, within 30 days of receipt of the evaluation certification form, the certification evaluating the activities performed by his or her trainee.
- 9) Prior to supervising trainee appraisers, a supervising appraiser shall complete a course that, at a minimum, is oriented to the requirements and responsibilities of supervising appraisers and complies with the specifications for the course content established by the AQB.
- 10) Failure to comply with this section may be deemed professional misconduct.

13:40A-4.7 REAL ESTATE APPRAISER TRAINEE LOG

- a) A real estate appraiser trainee shall maintain a log on forms provided by the Board, which shall include the following information concerning each appraisal assignment in which the trainee participates:

- 1) The name and address of the client;
 - 2) The type of appraisal report;
 - 3) The address of the appraised property;
 - 4) A description of the work performed and the scope of review and supervision;
 - 5) The number of hours claimed for the assignment;
 - 6) The type of property;
 - 7) The date of report;
 - 8) The number of actual work hours by the trainee on the assignment; and
 - 9) The signature and certification number of the supervising appraiser. Separate logs shall be maintained for each supervising appraiser, if applicable.
- b) Appraisal logs submitted to the Board shall indicate the nature of the trainee's participation in each assignment and the trainee shall set forth within the log, for each assignment, information indicating whether the trainee was involved in obtaining, calculating, or preparing:
- 1) Land/site inspections and descriptions;
 - 2) Building inspections and descriptions;
 - 3) Neighborhood descriptions and analysis;
 - 4) Highest and best use analysis;
 - 5) Research of comparable sales and analysis;
 - 6) Cost analysis;
 - 7) Income analysis (only for trainees whose experience includes income properties);
 - 8) Meaningful sales analysis;

- 9) Correlation of data into final value; and
 - 10) Any other components of the appraisal process.
- c) The trainee shall:
- 1) Include in the appraisal log submitted to the Board only those appraisal report(s) which indicate(s) that the trainee provided significant assistance;
 - 2) Verify that the trainee's contribution to the report has been indicated in the report before entering the report into the appraisal log; and
 - 3) Notify the Board immediately, in writing, if the trainee has provided significant real property appraisal assistance to a supervising appraiser with an appraisal report, and the supervising appraiser has not indicated that the trainee provided significant real property appraisal assistance in the report, and the scope of the trainee's contribution. For purposes of this subsection, "significant" means the exercise of appraisal knowledge and training, and does not mean clerical or fact gathering tasks.
- d) Failure to comply with this section shall be grounds for:
- 1) Denial of renewal of the trainee permit;
 - 2) Revocation of the trainee permit;
 - 3) Denial of experience credit for the entire year in which the lack of compliance occurred; and/or
 - 4) Denial of licensure or certification.

13:40A-4.8 CONTINUING EDUCATION REQUIREMENTS

- a) An individual holding a trainee permit shall complete the continuing education requirements as established by "The Real Property Appraiser Qualification Criteria and Interpretation of the Criteria" as promulgated by the AQB of the Appraisal Foundation as amended and supplemented, which, are incorporated herein by reference as part of this rule.
- b) An individual holding a trainee permit for more than two years shall retain documentation as required in N.J.A.C. 13:40A-5.8.

- c) As provided in N.J.A.C. 13:40A-5.10(b), an individual holding a trainee permit may request, due to extenuating circumstances, to be placed on inactive status to complete all continuing education requirements.

**SUBCHAPTER 5.
CONTINUING PROFESSIONAL EDUCATION**

13:40A-5.1 REQUIREMENTS FOR LICENSURE AND CERTIFICATION RENEWAL

- a) The purpose of continuing education activities is to ensure that the appraiser participates in a program that maintains and increases the appraiser's skill, knowledge and competency in real estate appraising.
- b) A licensed or certified real estate appraiser shall confirm on the renewal application that the licensed or certified real estate appraiser has completed all continuing education requirements pursuant to this subchapter during the biennial period preceding application for renewal.

13:40A-5.2 (RESERVED)

**13:40A-5.3 CONTINUING EDUCATION CREDIT-HOUR REQUIREMENTS;
CARRYOVER PROHIBITED; REPEAT OF SAME COURSE PROHIBITED**

- a) Each applicant applying for renewal as a licensed or certified real estate appraiser shall be required to complete, by the time the renewal application is submitted to the Board, the continuing education requirements for either the certified residential, certified general, or the licensed, real estate appraiser as established by "The Real Property Appraiser Qualification Criteria and Interpretation of the Criteria" as promulgated by the AQB of the Appraisal Foundation as amended and supplemented, which are incorporated herein by reference as part of this rule.
- b) Carryover of continuing education credits is prohibited.
- c) Aside from complying with the requirement to complete the 7-Hour National USPAP Update Course (or its AQB-approved equivalent) set forth in N.J.A.C. 13:40A-5.4, a certified or licensed appraiser shall not receive credit for completion of the same continuing education course more than once during a biennial period preceding application for renewal.

13:40A-5.4 SPECIAL COURSE REQUIREMENT(S)

- a) All licensed and certified real estate appraisers shall be required to complete the seven-hour National Update Course on the Uniform Standards of Professional Appraisal Practice or its equivalent at least once every 24 months.
- b) All licensed and certified real estate appraisers shall be required to complete a two hour course on New Jersey law and rules governing the practice of real estate appraising. The course at a minimum shall include: the origin and history of the Real Estate Appraisers Act, the Board composition, scope of practice, mixed practice conflicts of interest, continuing education requirements and criteria, temporary visiting certificates, trainee and supervisor requirements, appraisal reporting and common deficiencies, and the complaint process.

13:40A-5.5 PRE-APPROVAL OF COURSE OFFERINGS

- a) The Board shall maintain a list of all approved courses, lecturers and programs at the Board's offices and shall furnish this information to the licensees or certificate holders upon request.
- b) An applicant seeking to take a course for continuing professional education credit which has not been pre-approved by the Board may apply to the Board for pre-approval of the course offering. The applicant shall submit information similar to that which is required to be supplied by course providers, as more fully detailed in N.J.A.C. 13:40A-5.9(a)2.
- c) Determinations as to whether to award credit for an offering which has not been pre-approved shall be within the Board's discretion to determine whether the offering is deemed to be consistent with the purpose of continuing education.

13:40A-5.6 ACCEPTABLE COURSE TOPICS

- a) The Board shall approve only those continuing education activities and course topics as are deemed by the Board to be consistent with the purpose of continuing education. Examples of such course topics may include, but are not limited to: changes in the Uniform Standards of Professional Appraisal Practice; ad valorem taxation; arbitration; business courses related to practice of real estate appraisal; construction estimating; land use planning; zoning and taxation; management, leasing, brokerage, timesharing; property development; State law and rules governing the practice of real estate appraising; real estate appraisal (valuation/evaluations), law, litigation, financing and investment; real estate appraisal related computer applications; real estate securities and syndication; real property exchange; green building; seller concessions; and developing

opinions on real estate value in appraisals that also include personal property and/or business value.

- b) The Board shall approve only such continuing education programs as are available and advertised on a reasonably nondiscriminatory basis to all real estate appraisers in the State.
- c) The Board may revoke approval of those continuing education activities and course topics deemed by the Board to no longer be consistent with the purpose of continuing education.

13:40A-5.7 SOURCES OF CONTINUING EDUCATION

- a) The licensee or certificate holder may obtain continuing education credits for the following:
 - 1) Training programs offered by State or Federal agencies or commissions;
 - 2) Educational programs provided during trade organization conferences;
 - 3) Colleges or universities accredited by the New Jersey Commission on Higher Education or any state accrediting agency approved by the Board; community or junior colleges accredited by the New Jersey Commission on Higher Education; proprietary schools;
 - 4) Seminars offered by real estate appraisal or real estate related organizations;
 - 5) Seminars offered by vendors of commercial products, provided that at least one other commercial vendor from a different company participates in the seminar;
 - 6) Participation, other than as a student, in appraisal education processes and programs, as approved by the Board.
 - i) Examples of activities for which credit may be granted include teaching appraisal courses, developing appraisal programs, authoring appraisal textbooks or articles, or participating in other like activities deemed by the Board to be equivalent to obtaining continuing education.
 - ii) No more than one-half of the total hours of credit required per biennial renewal cycle may be awarded for activities qualifying under this paragraph;

- 7) Courses approved for initial certification and licensing; and
 - 8) Distance learning courses on qualifying topics where a written, proctored examination is required. The term "written" refers to an examination that might be written on paper or administered electronically on a computer workstation or other device.
- b) The award of credit is subject to Board approval of the course offering either prior to filing the renewal application or upon submission of documentation required pursuant to N.J.A.C. 13:40A-5.8 at the time of license or certification renewal.

13:40A-5.8 REQUIRED DOCUMENTATION

- a) A licensee or certificate holder shall retain documentation for at least four years of the continuing education hours which the licensee or certificate holder completes in order to verify program attendance and/or activity completion. Each licensee or certificate holder shall submit such documentation to the Board upon request. The Board shall review the records of the licensees and/or certificate holders from time to time, on a random basis, to determine compliance with continuing education requirements.
- b) Documentation of continuing education requirements shall consist of the following:
- 1) For courses, seminars and training programs approved by the Board, the licensee or certificate holder shall be required to maintain a "Uniform Continuing Education Form" or other form acceptable to the board signed and dated by both the applicant and the course instructor(s), attesting that the licensee or certificate holder attended an approved continuing education offering. The licensee or certificate holder shall list the continuing education completed during the biennial licensing period on the Board-provided renewal application.
 - 2) For participation other than as a student in appraisal education processes or programs:
 - i) A written request for continuing education credit which shall include at least the following information:
 - (1) A description of the activities for which credit is sought;
 - (2) The number of credits sought;
 - (3) The time spent on such activities;

- (4) The reasons the applicant believes such activities meet the Board's continuing education requirements; and
 - (5) Any further information as may be requested by the Board;
- ii) For publication of a book or an article in a professional journal, submission of the book or article;
 - iii) For teaching or research appointments, a statement of appropriate school authority verifying the appointment and a statement of the subject matter to be taught or the nature of the research to be performed.
- c) For courses, seminars or training programs which have not been pre-approved by the Board:
 - 1) A copy of the course description and/or outline; and
 - 2) A completed "Uniform Continuing Education Form" or other certified form acceptable to the Board or a signed and dated certification, from both the applicant and course instructor(s), attesting that the applicant attended the course listed and satisfactorily completed all course requirements.
 - d) Falsification of any information submitted with the renewal application may result in penalties and/or the suspension or revocation of a license or certification.
 - e) A licensed and certified appraiser shall be required to maintain records pertaining to his or her continuing education for at least four years from the date the course or seminar was taken.

13:40A-5.9 RESPONSIBILITIES OF CONTINUING EDUCATION PROVIDERS

- a) All providers of continuing education courses shall:
 - 1) Secure Board approval prior to advertising or otherwise representing that any course is approved for continuing education credit in New Jersey;
 - 2) Submit, on forms provided by the Board, for each course for which appraisal is sought, the following for evaluation by the Board:
 - i) A detailed description of course content and estimated hours of instruction;

- ii) Any printed material describing the course;
 - iii) A description of the method used to monitor attendance and the policy for making up missed classes;
 - iv) A curriculum vitae of the instructor(s), including information concerning the specific background which qualifies the instructor to teach the particular course offering;
 - v) Any additional information as may be requested by the Board;
 - vi) The name of the instructor(s) proposed to teach the course or seminar;
- 3) Monitor the attendance at each approved course; and
 - 4) Retain accurate records of attendance for a four-year period and shall submit such documentation to the Board upon request.

13:40A-5.10 EXTENSIONS

- a) An applicant for biennial renewal may not obtain an extension of time within which to satisfy continuing education requirements, except where a deferral is authorized pursuant to the Real Property Appraiser Qualification Criteria and Interpretations of the Criteria, effective January 1, 2008, as promulgated by the AQB of the Appraisal Foundation as amended and supplemented and incorporated herein by reference as part of this rule and can be found at http://www.appraisalfoundation.org/s_appraisal/bin.asp?CID=117&DID=287&DOC=FILE_PDF.
- b) If, upon application by a credential holder, the Board determines that an applicant for biennial renewal is not able to satisfy continuing education requirements for the preceding cycle due to extenuating circumstances, the credential holder shall be placed in inactive status for a period of up to 90 days pending completion of all continuing education requirements, as set forth in the Real Property Appraiser Qualification Criteria and Interpretations of the Criteria, as promulgated by the AQB of the Appraisal Foundation, as amended and supplemented and incorporated herein by reference as part of this rule.

SUBCHAPTER 6. STANDARDS FOR APPRAISALS

13:40A-6.1 GENERAL REQUIREMENTS

- a) The appraiser shall ensure that all appraisals shall, at a minimum conform to the Uniform Standards of Professional Appraisal Practice (USPAP) in effect on the date on which the appraisal was prepared, which standards are incorporated herein by reference.
- b) An appraiser's failure to comply with the provisions of USPAP may be construed to be professional misconduct in violation of N.J.S.A. 45:1-21(e).

SUBCHAPTER 7. GENERAL PROVISIONS

13:40A-7.1 FEE SCHEDULE

- a) Charges for credentialing, certification, licensure, registration, and other services are as follows:
 - 1) Application fee:
 - i) Certified General Real Estate Appraiser..... \$125.00
 - ii) Certified Residential Real Estate Appraiser..... \$100.00
 - iii) Licensed Real Estate Appraiser \$75.00
 - iv) Appraisal management company.....\$250.00
 - 2) Credentialing fee:..... \$125.00
 - 3) Initial certification fee, general real estate appraiser:
 - i) During the first year of a biennial renewal period..... \$550.00
 - ii) During the second year of a biennial renewal period \$275.00
 - 4) Initial certification fee, residential real estate appraiser:

- i) During the first year of a biennial renewal period..... \$550.00
- ii) During the second year of a biennial renewal period \$275.00
- 5) Initial license fee:
 - i) During the first year of a biennial renewal period..... \$550.00
 - ii) During the second year of a biennial renewal period \$275.00
- 6) Certification renewal fee for general real estate appraiser, biennial \$550.00
- 7) Certification renewal fee for residential real estate appraiser, biennial \$550.00
- 8) License renewal fee, biennial..... \$550.00
- 9) Late renewal fee: \$100.00
- 10) Temporary visiting registration fee \$150.00
- 11) Reciprocity Application fee:..... \$75.00
- 12) Reinstatement fee:..... \$150.00
- 13) Duplicate wall certificate fee: \$40.00
- 14) Duplicate registration certificate fee: \$25.00
- 15) Change of name or address fee: \$25.00
- 16) Verification of certification/licensure:..... \$40.00
- 17) Verification of continuing education credits: \$40.00
- 18) Federal surcharge, biennial:..... \$80.00
- 19) Trainee permit fee; annual: \$100.00
- 20) Initial registration fee, appraisal management company:

- i. During the first year of the biennial period.....\$2,500
- ii. During the second year of the biennial period.....\$1,250
- 21) Biennial registration renewal fee, appraisal management company.....\$2,500

13:40A-7.2 DISCLOSURE OF TITLE AND CERTIFICATE OR LICENSE NUMBER

An appraiser shall include on all appraisal reports, at the place wherever the appraiser's signature appears, the appraiser's designation and state license or certification number. The appraiser shall use only the designations permitted pursuant to N.J.A.C. 13:40A-7.3.

13:40A-7.3 USE OF DESIGNATIONS AND ABBREVIATIONS

- a) The following shall apply in connection with the use of designations and abbreviations on appraisal reports or in any advertisement or public representation:
 - 1) Individuals holding a current valid real estate appraiser certificate or license may use only the following designations and abbreviations to indicate the type of certificate or license held:

Permissible Designation	Permissible Abbreviation
State Certified General Real Estate Appraiser	SCGREA
State Certified Residential Real Estate Appraiser	SCRREA
State Licensed Real Estate Appraiser	SLREA

- 2) Abbreviations shall appear in capital letters, without a period or space after each letter, and shall not be in type or lettering larger than the individual's name.
- 3) A certified or licensed appraiser shall use his or her designation or abbreviation only in conjunction with his or her name and not in conjunction with the name of a firm, corporation or partnership. For example, a firm, corporation or partnership shall not be identified as being certified or licensed.
- 4) An individual who is not certified or licensed pursuant to the Real Estate Appraisers Act, N.J.S.A. 45:14F-1 et seq., and this chapter shall not use the designations or abbreviations set forth in (a)1 above or any other designation or abbreviation using similar combinations of words or letters to imply that the individual is state certified or licensed.

- 5) A certified or licensed appraiser shall not permit his or her name and designation to be used on an appraisal where the appraiser has not participated in the appraisal pursuant to the Uniform Standards of Professional Appraisal Practice.
- 6) Trainee real estate appraisers shall use the full designation "trainee real estate appraiser" followed by their permit number. No abbreviation shall be permitted.

13:40A-7.4 CRITERIA FOR QUALIFYING EDUCATION INSTRUCTOR AND USPAP INSTRUCTORS

- a) An individual applying to be an instructor of qualifying education courses shall, at a minimum, have one of the following requirements:
 - 1) A baccalaureate degree in any field and three years of experience directly related to the subject matter to be taught;
 - 2) A master's degree in any field and one year of experience directly related to the subject matter to be taught;
 - 3) A masters or higher degree in a field that is directly related to the subject matter to be taught;
 - 4) Five years of real estate appraisal teaching experience directly related to the subject matter to be taught; or
 - 5) Seven years of real estate appraisal experience directly related to the subject matter to be taught.
- b) Instructors for qualifying education, with an appraisal license or certification, shall be in good standing.
- c) Approvals to teach as an instructor of qualifying education courses shall be issued by the Board for two year periods and shall be renewed biennially upon submission by the instructor of an application for re-approval.
- d) Instructors for qualifying education who teach either full time or part time as part of the faculty staff at colleges, universities, community colleges, or junior colleges accredited by the Commission on Higher Education or any real estate appraisal or real estate related organizations that are sponsors of the Appraisal Foundation need not satisfy the criteria set forth in (a) above. Adjunct instructors shall not qualify for this exemption and shall satisfy the criteria in (a) above in order to qualify as an instructor of education courses.

- e) Instructors for USPAP courses shall be required to satisfy the USPAP instructor criteria as established by "The Real Property Appraiser Qualification Criteria and Interpretation of the Criteria" as promulgated by the AQB of the Appraisal Foundation as amended and supplemented, which are incorporated herein by reference as part of this rule.

13:40A-7.5 MIXED PRACTICE; CONFLICT OF INTEREST

- a) For the purposes of this section, "real estate licensee" means any natural person licensed as a real estate broker, broker-salesperson or salesperson pursuant to N.J.S.A. 45:15-1et seq. and "transaction" means the buying, selling, leasing, mortgaging, auctioning or exchanging of real estate.
- b) A real estate appraiser, who is also a real estate licensee or who is employed as an appraiser by a licensed real estate broker, shall not prepare an appraisal upon a property while:
 - 1) The real estate appraiser also is acting in the capacity of a real estate licensee for any party with respect to any transaction involving the property to be appraised;
 - 2) The employing broker of the real estate appraiser is acting as a real estate licensee for any party with respect to any transaction involving the property to be appraised; or
 - 3) Any real estate licensee who is working for the employing broker of the real estate appraiser acts as a real estate licensee for any party with respect to such transaction.
- c) The prohibitions listed in (b) above shall continue until the transaction closes.
 - 1) A sale or buy transaction is considered closed at the time the closing has been completed and title has passed from the seller to the buyer;
 - 2) A lease transaction is considered closed at the time the lease is fully executed and delivered to the parties or, if there is no written lease, at the time of occupancy of the leased premises by the tenant;
 - 3) A mortgage transaction is considered closed at the time a mortgage document is executed by the mortgagor and delivered to the mortgagee; and
 - 4) An exchange is considered closed at the time the closing has been completed and title has passed between the parties.

- d) Notwithstanding (b) above, this section shall not be construed to preclude a real estate appraiser who is also a real estate licensee, acting in the capacity of a real estate licensee, from giving or offering to give, for a fee or otherwise, counsel and advice on the pricing, listing, selling, renting and use of real property, directly to a property owner or prospective purchaser if the intended use of the counsel or advice is solely for the individual knowledge of or use by the property owner or prospective purchaser or lessee and not by any third party. When providing such counsel or advice, the licensed real estate appraiser, acting in the capacity of a real estate licensee, shall disclose, in writing, to the property owner or prospective purchaser or lessee that such counsel and advice is not a "certified appraisal" or a "licensed appraisal."

13:40A-7.6 LICENSE OR CERTIFICATION RENEWAL

- a) The Board shall send a notice of renewal to each licensee or certificate holder, at least 60 days prior to the expiration of the license or certification. The notice of renewal shall explain inactive renewal and advise the licensee or certificate holder of the option to renew as inactive. If the notice to renew is not sent 60 days prior to the expiration date, no monetary penalties or fines shall apply to the licensee or certificate holder for failure to renew provided that the license or certification is renewed within 60 days from the date the notice is sent or within 30 days following the date of license or certification expiration, whichever is later.
- b) A licensee or certificate holder shall renew his or her license or certification for a period of two years from the last expiration date. The licensee or certificate holder shall submit a renewal application to the Board, along with the renewal fee set forth in N.J.A.C. 13:40A-7.1, prior to the date of license or certification expiration.
- c) A licensee or certificate holder may renew his or her license or certification by choosing inactive status. A licensee or certificate holder electing to renew his or her license or certification as inactive shall not engage in the practice of real estate appraising, or hold himself or herself out as eligible to engage in the practice of real estate appraising in New Jersey, until such time as the license or certification is returned to active status.
- d) If a licensee or certificate holder does not renew the license or certification prior to its expiration date, the licensee or certificate holder may renew the license or certification within 30 days of its expiration by submitting a renewal application, a renewal fee, and a late fee as set forth in N.J.A.C. 13:40A-7.1. During this 30-day period, the license or certification shall be valid and the licensee or certificate holder shall not be deemed practicing without a license or certification, as applicable.
- e) A licensee or certificate holder who fails to submit a renewal application within 30 days of license or certification expiration shall have his or her license or certification suspended without a hearing.

- f) A licensee or certificate holder who continues to engage in the practice of real estate appraising with a suspended license or certification shall be deemed to be engaging in the unauthorized practice of real estate appraising and shall be subject to action consistent with N.J.S.A. 45:1-14 et seq., even if no notice of suspension has been provided to the individual.

13:40A-7.7 LICENSE OR CERTIFICATION REACTIVATION

- a) A licensee or certificate holder who holds an inactive license or certification pursuant to N.J.A.C. 13:40A-7.6(c) may apply to the Board for reactivation of the inactive license or certification. A licensee or certificate holder seeking reactivation of an inactive license or certification shall submit:
 - 1) A renewal application;
 - 2) A certification of employment listing each job held during the period of the inactive license or certification, which includes the names, addresses, and telephone number of each employer;
 - 3) The renewal fee for the biennial period for which reactivation is sought as set forth in N.J.A.C. 13:40A-7.1; and
 - 4) Evidence of having completed all continuing education credits for the current biennial registration period which were required to be completed within two years prior to the beginning of the renewal period for which reactivation is sought, consistent with the requirements set forth in N.J.A.C. 13:40A-5.
 - i. An applicant who holds a valid, current license or certification in good standing issued by another state to engage in the practice of real estate appraising and submits proof of having satisfied that state's continuing education requirements for that license or certification during the biennial period immediately prior to the renewal period for which reactivation is sought, shall be deemed to have satisfied the requirements of subsection (a)4. If the other state does not have any continuing education requirements, the requirements of (a)4 apply.
- b) If a Board review of an application establishes a basis for concluding that there may be practice deficiencies in need of remediation prior to reactivation, the Board may require the applicant to submit to and successfully pass an examination or an assessment of skills, a refresher course, or other requirement(s) as determined by the Board prior to

reactivation of the license or certification. If the examination or assessment identifies deficiencies or educational needs, the Board may require the applicant, as a condition of reactivation of licensure or certification, to take and successfully complete any education or training or to submit to any supervision, monitoring, or limitations, as the Board determines are necessary to assure that the applicant practices with reasonable skill. The Board in its discretion may restore the license or certification subject to the applicant's completion of the training within a period of time prescribed by the Board following the restoration of the license or certification. In making its determination whether there are practice deficiencies requiring remediation, the Board shall consider the following, but not limited to:

- 1) Length of duration license or certification was inactive;
- 2) Employment history;
- 3) Professional history;
- 4) Disciplinary history and any action taken against the applicant's license or certification by any licensing board;
- 5) Actions affecting the applicant's privileges taken by any institution, organization, or employer related to the practice of real estate appraising or other professional or occupational practice in New Jersey, any other state, the District of Columbia or in any other jurisdiction;
- 6) Pending proceedings against a professional or occupational license or certification issued to the licensee or certificate holder by a professional board in New Jersey, any other state, the District of Columbia, or in any other jurisdiction; and
- 7) Civil litigation related to the practice of real estate appraising or other professional or occupational practice in New Jersey, any other state, the District of Columbia or in any other jurisdiction.

13:40A-7.8 LICENSE OR CERTIFICATION REINSTATEMENT

- a) A licensee or certificate holder who has had his or her license suspended pursuant to N.J.A.C 13:40A-7.6(e) above may apply to the Board for reinstatement. A licensee or certificate holder applying for reinstatement shall submit:

- 1) A reinstatement application;
- 2) A certification of employment listing each job held during the period of suspended license or certification, which includes the names, addresses, and telephone number of each employer;
- 3) The renewal fee for the biennial period for which reinstatement is sought;
- 4) The past due renewal fee for the biennial period immediately preceding the renewal period for which reinstatement is sought;
- 5) The reinstatement fee set forth in N.J.A.C. 13:40A-7.1; and
- 6) Evidence of having completed all continuing education credits for the current biennial registration period which were required to be completed during the biennial period immediately prior to the renewal period for which reinstatement is sought, consistent with the requirements set forth in N.J.A.C. 13:40A-5.
 - i. An applicant who holds a valid, current license or certification in good standing issued by another state to engage in the practice of real estate appraising and submits proof of having satisfied that state's continuing education requirements for that license or certification, shall be deemed to have satisfied the requirements of subsection (a)6. If the other state does not have any continuing education requirements, the requirements of (a)6 above shall apply.
 - b) If a Board review of an application establishes a basis for concluding that there may be practice deficiencies in need of remediation prior to reinstatement, the Board may require the applicant to submit to and successfully pass an examination or an assessment of skills, a refresher course, or other requirements as determined by the Board prior to reinstatement of the license or certification. If that examination or assessment identifies deficiencies or educational needs, the board may require the applicant as a condition of reinstatement of licensure to take and successfully complete any education or training or to submit to any supervision, monitoring, or limitations, as the Board determines are necessary to assure that the applicant practices with reasonable skill. The Board in its discretion may restore the license or certification subject to the applicant's completion of the training within a period of time prescribed by the Board following the restoration of the license or certification. In making its determination whether there are practice deficiencies requiring remediation, the Board shall consider the following, but not limited to:
 - 1) Length of duration license or certification was suspended;

- 2) Employment history;
- 3) Professional history;
- 4) Disciplinary history and any action taken against the applicant's license or certification by any licensing board;
- 5) Actions affecting the applicant's privileges taken by any institution, organization, or employer related to the practice of real estate appraising or other professional or occupational practice in New Jersey, any other state, the District of Columbia or in any other jurisdiction;
- 6) Pending proceedings against a professional or occupational license or certification issued to a licensee or certificate holder by a professional board in New Jersey, any other state, the District of Columbia, or in any other jurisdiction; and
- 7) Civil litigation related to the practice of real estate appraising or other professional or occupational practice in New Jersey, any other state, the District of Columbia or in any other jurisdiction.

13:40A-7.9 DENIAL OR REVOCATION OF LICENSE, CERTIFICATION, OR REGISTRATION; RECORD OF CONVICTION OF CERTAIN CRIMES

- a) An applicant for licensure, certification, or registration shall not be eligible for licensure, certification, or registration, and any holder of a license, certification, or registration shall have his or her license, certification, or registration revoked if the Board determines that criminal history record information exists on file in the Federal Bureau of Investigation, Identification Division, or in the State Bureau of Identification in the Division of State Police, which would disqualify that individual from being licensed, certified, or registered.
- b) An applicant or a holder of a license, certification, or registration shall be disqualified from licensure, certification, or registration if that individual's criminal history record check reveals a record of conviction of any of the following crimes and offenses:
 - 1) In New Jersey, any crime or disorderly persons offense during the five-year period immediately prior to the date of the application or renewal, or any crime more than five years prior to the date of the application or renewal:

- i. Involving danger to the person, meaning those crimes and disorderly persons offenses set forth in N.J.S.A. 2C:11-1 et seq., 2C:12-1 et seq., 2C:13-1 et seq., 2C:14-1 et seq., or 2C:15-1 et seq.; or
 - ii. Involving theft as set forth in Chapter 20 of Title 2C of the New Jersey Statutes, forgery and fraudulent practices as set forth in Chapter 21 of Title 2C of the New Jersey Statutes, including, but not limited to, money laundering as set forth in N.J.S.A. 2C:21-25, or perjury and other falsification in official matters as set forth in Chapter 28 of Title 2C of the New Jersey Statutes; or
 - iii. Involving any controlled dangerous substances or controlled dangerous substances analog as set forth in Chapter 35 of Title 2C of the New Jersey Statutes except as set forth in paragraph (4) of subsection a of N.J.S.A. 2C:35-10.
- 2) In any other state or jurisdiction, conduct which, if committed in New Jersey, would constitute any of the crimes or disorderly persons offenses described in (b)1 above. This is deemed to include convictions for bank fraud, wire fraud, or conspiracy to commit bank fraud or wire fraud.
- 3) For purposes of this subsection, a judgment of conviction or a plea of guilty, non vult, nolo contendere, or any other such disposition of alleged criminal activity shall be deemed a conviction.
- c) Notwithstanding the provisions of (b) above, no individual shall be disqualified from licensure, certification, or registration on the basis of any conviction disclosed by a criminal history record check, other than a conviction for a crime during the five-year period immediately prior to the date of the application or renewal or a crime enumerated in (b)1ii above, if the individual has affirmatively demonstrated to the Board clear and convincing evidence of rehabilitation. In determining whether an individual has affirmatively demonstrated rehabilitation, the following factors shall be considered:
 - 1) The nature and responsibility of the position which the convicted individual would hold;
 - 2) The nature and seriousness of the offense;
 - 3) The circumstances under which the offense occurred;
 - 4) The date of the offense;

- 5) The age of the individual when the offense was committed;
 - 6) Whether the offense was an isolated or repeated incident;
 - 7) Any social conditions which may have contributed to the offense; and
 - 8) Any evidence of rehabilitation, including good conduct in prison or in the community, counseling or psychiatric treatment received, acquisition of additional academic or vocational schooling, successful participation in correctional work-release programs, or the recommendation of persons who have had the individual under their supervision.
- d) The Board may refuse to admit a person to an examination or may refuse to issue or may suspend or revoke any certificate or license issued by the Board upon proof that the applicant or holder of such certificate or license:
- 1) Has obtained a certificate, license or authorization to sit for an examination, as the case may be, through fraud, deception, or misrepresentation;
 - 2) Has engaged in the use or employment of dishonesty, fraud, deception, misrepresentation, false promise or false pretense;
 - 3) Has engaged in gross negligence, gross malpractice or gross incompetence which damaged or endangered the life, health, welfare, safety or property of any person;
 - 4) Has engaged in repeated acts of negligence, malpractice or incompetence;
 - 5) Has engaged in professional or occupational misconduct as may be determined by the Board;
 - 6) Has been convicted of, or engaged in acts constituting, any crime or offense involving moral turpitude or relating adversely to real estate appraising. For the purposes of this subsection a judgment of conviction or a plea of guilty, non vult, nolo contendere or any other such disposition of alleged criminal activity shall be deemed a conviction;
 - 7) Has had the authority to engage in real estate appraising revoked or suspended by any other state, agency, or certifying authority for reasons consistent with this section;

- 8) Has violated or failed to comply with the provisions of any statute or regulation administered by the Board;
- 9) Is incapable for medical or any other good cause, of discharging the functions of a licensee or certificate holder in a manner consistent with the public's health, safety and welfare;
- 10) Has violated any provision of P.L. 1983, c.320 (N.J.S.A. 17:33A-1 et seq.) or any insurance fraud prevention law or act of another jurisdiction or has been adjudicated, in civil or administrative proceedings, of a violation of P.L. 1983, c.320 (N.J.S.A. 17:33A-1 et seq.) or has been subject to a final order, entered in civil or administrative proceedings, that imposed civil penalties under that act against the applicant or holder;
- 11) Is presently engaged in drug or alcohol use that is likely to impair the ability to practice the profession or occupation with reasonable skill and safety. For purposes of this subsection, the term "presently" means at this time or any time within the previous 365 days;
- 12) Has permitted an unlicensed person or entity to perform an act for which a license or certification is required by the Board, or aided and abetted an unlicensed person or entity in performing such an act; or
- 13) Advertised fraudulently in any manner.

13:40A-7.10 DISCIPLINED LICENSEES OR CERTIFICATE HOLDERS; PROHIBITED ACTIVITIES

- a) When used in this section, "steps of the valuation process", means any and all work performed by or at the direction of an individual including, but not limited to, the gathering of any data from which to extract information and market trends, the analysis of data, such as sales, cost, and income data pertaining to a property being appraised, and the reconciliation of the data to form a value conclusion.
- b) No later than the effective date of a suspension, revocation or voluntary surrender, any suspended or revoked licensee or certificate holder, or any licensee or certificate holder who has agreed to a voluntary surrender of his or her license or certificate, to be deemed a revocation, shall immediately forward the original license or certification to the Board office located at Post Office Box 45032, 124 Halsey Street, Third Floor, Newark, New Jersey 07101. With respect to suspensions of a finite term, at the conclusion of the term, the licensee or certificate holder may contact the Board office for the return of the documents previously surrendered to the Board.

- c) Any licensed or certified appraiser who is under active disciplinary suspension pursuant to a Board order or consent agreement, or whose license or certification has been revoked or surrendered, shall cease and desist from engaging in the practice of real estate appraising in all respects, and shall refrain from engaging in any work or activities, including any of the steps of the valuation process, in connection with any appraisal assignment for real estate located in the State of New Jersey. No suspended or revoked licensee or certificate holder shall charge, receive or share in any fee for professional services rendered by himself or herself or others while barred from engaging in real estate appraising. The licensee may be compensated for the reasonable value of services lawfully rendered and disbursements incurred prior to the effective date of the Board action. Failure to comply with this provision shall be deemed professional misconduct.

- d) Any New Jersey licensed or certified real estate appraiser who assists a suspended or revoked real estate appraiser in the performance of steps in the valuation process or employs or provides payment for services in any capacity rendered by any suspended or revoked real estate appraiser, whether payment is made to the appraiser as an employee or as an independent contractor, shall be deemed to have aided and abetted unlicensed or uncertified practice pursuant to N.J.S.A. 45:1-21 (n), and to have engaged in professional misconduct pursuant to N.J.S.A. 45:1-21(e).

- e) Any payment made to or received by a suspended or revoked licensee or certificate holder by any New Jersey licensed or certified real estate appraiser will be presumed to be related to the practice of real estate appraising, unless the licensee or certificate holder or suspended or revoked licensee or certificate holder can affirmatively demonstrate by clear and convincing evidence that the moneys were unrelated to the practice of real estate appraising.

- f) Any Board licensee or certificate holder who has been subject to any of the following actions by the Department of Housing and Urban Development (HUD) shall be deemed to have engaged in professional misconduct pursuant to N.J.S.A. 45:1-21(e), as well as pursuant to N.J.S.A. 45:1-21(g): a debarment, a limited denial of participation, a suspension, as defined by 24 C.F.R. § 24.105; or a removal from the HUD's FHA Appraiser Roster pursuant to 24 C.F.R. 200.204, and accordingly, may be subject to sanction pursuant to N.J.S.A. 45:1-21 or N.J.S.A. 45:1-22.

13:40A-7.11 NOTIFICATION OF CHANGE OF ADDRESS; SERVICE OF PROCESS

- a) Every licensee, certificate holder, and registrant shall give notice to the Board of any change of his or her address of record within 10 days of such change. For purposes of this section "address of record" means an address designated by a licensee, certificate holder, or registrant that is part of the public record and that may be disclosed upon request. "Address of record" may be a licensee, certificate holder, or registrant's home,

business, or mailing address, but shall not be a post office box, unless the licensee, certificate holder, or registrant also provides another address which includes a street, city, state, and zip code.

- b) Service of an administrative complaint or other process initiated by the Board, the Attorney General, or the Division of Consumer Affairs at the licensee's, certificate holder's, or registrant's address of record shall be deemed adequate notice.

SUBCHAPTER 8. CERTIFICATION OR LICENSURE BY RECIPROCITY

13:40A-8.1 CERTIFICATION OR LICENSURE BY RECIPROCITY

- a) Upon receipt of a completed application, application fee, consent to a criminal history record background check, and requisite fee for such a check, the Board shall issue a real estate appraiser license or certification to any person who documents that the person holds a valid, current corresponding license or certification in good standing issued by another state, if:
 - 1) The Board determines that the state that issued the license or certification at the time of issuance meets or exceeds the minimum qualification criteria established by the Appraisal Qualifications Board of the Appraisal Foundation and the standards for licensure and certification as set forth in this chapter; and
 - 2) The requirements of subsection (b) are satisfied.
- b) Prior to the issuance of the license or certification, the Board shall have received:
 - 1) Documentation reasonably satisfactory to the Board that the applicant's license or certification in the other state is in good standing;
 - 2) The results of a criminal history record background check of the files of the Criminal Justice Information Services Division in the Federal Bureau of Investigation and the State Bureau of Identification in the Division of State Police do not disclose a conviction for a disqualifying crime; and
 - 3) Designation of an agent in this State for service of process, if the applicant is not a State resident and does not have an office in this State.
- c) For purposes of this section, "good standing" means that:

- 1) No action has been taken against the applicant's license or certification by any licensing board;
 - 2) No action adversely affecting the applicant's privileges to practice real estate appraising has been taken by any out-of-State institution, organization, or employer;
 - 3) No disciplinary proceeding is pending that could affect the applicant's privileges to practice real estate appraising;
 - 4) All fines levied by any out-of-State board have been paid; and
 - 5) There is no pending or final action by any criminal authority for violation of law or regulation, or any arrest or conviction for any criminal or quasi-criminal offense under the laws of the United States, New Jersey, or any other state, including but not limited to: criminal homicide; aggravated assault; sexual assault, criminal sexual contact, or lewdness; or any offense involving any controlled dangerous substance or controlled dangerous substance analog.
- d) For purposes of this section, a "substantially equivalent" examination need not be identical to the current examination requirements of this State, but such examination shall be nationally recognized and of comparable scope and rigor.
- e) The Board, after the licensee has been given notice and an opportunity to be heard, may revoke any license or certification based on a license or certification issued by another state obtained through fraud, deception, or misrepresentation.

SUBCHAPTER 9. APPRAISAL MANAGEMENT COMPANIES

13:40A-9.1 PURPOSE AND SCOPE

- a) The rules in this subchapter implement the provisions of the Appraisal Management Company Registration and Regulation Act, P.L. 1991, c. 68, as amended and supplemented by P.L. 1997, c. 401 and P.L. 2017, c. 72 (N.J.S.A. 45:14F-27 et seq.).
- b) Except as provided in (c) below, the provisions of this subchapter shall apply to an appraisal management company in accordance with 12 U.S.C. § 3353.
- c) The provisions of this subchapter 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.

d) The Board incorporates herein by reference, as amended and supplemented, the appraiser independence standards established under section 1639e of the Federal Truth in Lending Act, Pub. L. 90-321 (15 U.S.C. § 1639e), including:

1. 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

2. All necessary enforcement and remedies available under the Federal Truth in Lending Act, Pub. L. 90-321 (15 U.S.C. §§ 1601 et seq.).

13:40A-9.2 DEFINITIONS

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

“Act” means the Appraisal Management Company Registration and Regulation Act, N.J.S.A. 45:14F-27 et seq. (P.L. 2017, c. 72).

“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” or “real estate appraisal” means the same as that term is defined at N.J.S.A. 45:14F-2, and shall be specifically construed to include appraisal reviews 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. For purposes of this definition, the Board will determine the number of state-certified or state-licensed appraisers that are deemed part of the appraisal panel consistent with the provisions of N.J.A.C. 13:40A-9.3.

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.

“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 general real estate appraiser, State-certified residential real estate appraiser, or State-licensed real estate appraiser.

“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.

“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 for high cost mortgages set forth at 12 CFR 1026.32, 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 CFR 1026.32 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 any one 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, the 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 N.J.S.A. 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, the Federal Housing Finance Agency, or the National Credit Union Administration, pursuant to sections 1112, 1113, and 1114 of the Financial Institution Reform, Recovery and Enforcement Act (FIRREA), Title XI, 12 U.S.C. §§ 3341 through 3343.

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

“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.

13:40A-9.3 APPRAISER PANEL

- a) An appraiser is deemed part of the appraisal management company's appraiser panel as of the earliest date on which the appraisal management company:
 - 1) Accepts the appraiser for the appraisal management company'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 appraisal management company's appraiser panel pursuant to (a) above 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 receives written notice of the death or incapacity of the appraiser.

- c) If an appraiser is removed from an appraisal management company's appraiser panel pursuant to (b) above, but the appraisal management company 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.

13:40A-9.4 REGISTRATION

- a) Each person that directly or indirectly engages, or attempts to engage, in business as an appraisal management company, or advertises or holds itself out as engaging in or conducting business as an appraisal management company, shall obtain a registration from the Board.
 - 1) The registration requirements in this section shall not apply to an appraisal management company that is owned and controlled by an insured depository institution that is regulated by a Federal financial institution regulatory agency.

- (b) An applicant for registration as an appraisal management company shall pay the application and registration fee set forth at N.J.A.C. 13:40A-7.1 and file an application on a form provided by

the Board. The registration application shall include, but not be limited to, the following information, 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 and e-mail address 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 contact information for each controlling person;
- 7) The name, address, e-mail address, and telephone number for one controlling person designated as the main contact for all communication between the appraisal management company and the Board;
- 8) 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 N.J.S.A. 45:14F-1 et seq., and this chapter;
- 9) 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;
- 10) 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;
- 11) 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. § 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;
- 12) A certification, on a form provided 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;
 - 13) For an entity or individual applicant that is not domiciled in this State, an irrevocable Uniform Consent to Service of Process;
 - 14) The type of business organization of the appraisal management company; and
 - 15) For each controlling person or compliance officer who has a license or certification to engage in the practice of real estate appraisal in New Jersey or any other jurisdiction, disclosure of any investigations pending against his or her professional license or certification, and disclosure of any action pending before any employer, association, society, or other professional group related to the practice of real estate appraisal in New Jersey or any other jurisdiction.
- c) Each applicant for registration shall submit a surety bond in the amount of \$25,000, as required pursuant to N.J.S.A. 45:14F-35.
- 1) The surety bond shall be executed by a surety company authorized to transact business in the State of New Jersey, approved by the Department of Banking and Insurance, and be conditioned on the faithful performance of the provisions of the Act.
 - 2) The surety bond shall be for a period of 24 months consistent with the biennial registration period.
- d) Each controlling person of an appraisal management company for registration shall submit the certification and authorization form for criminal history background check, as provided by the Board, and the controlling person's fingerprints as processed by the vendor under contract with the State.
- e) 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 certification in this State or in any other state, refused, denied, cancelled, surrendered in lieu of revocation, or revoked; or
 - 2) Be subject to the ownership, control, direction, or authority of, or employ, appoint, or otherwise retain, a controlling person who is not of good moral character, which, for purposes of this paragraph, 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. A controlling person shall not have been convicted of the crimes and offenses as set forth at N.J.A.C. 13:40A-7.9.
- f) Each applicant shall designate one controlling person that will be the designated contact for all communication between the Board and the appraisal management company.
- 1) A controlling person shall not, at any given time, be designated as the designated contact for more than one appraisal management company.
- g) Upon registration, the Board shall issue a unique registration number to each appraisal management company registered in this State.

13:40A-9.5 BIENNIAL RENEWAL

- a) An appraisal management company registrant shall submit to the Board, on a biennial basis, a renewal application and the renewal fee set forth in N.J.A.C. 13:40A-7.1. A registrant that fails to submit the renewal application within 30 days after the registration expiration shall submit the late renewal fee set forth in N.J.A.C. 13:40A-7.1 in addition to the renewal fee. During this 30-day period, the registration shall be valid and the registrant shall not be deemed engaging in the practice of appraisal management without a registration. A registrant who fails to submit a renewal application within 30 days of registration expiration shall have the registration suspended without a hearing. A registrant that continues to engage in the practice of appraisal management with an expired registration shall be deemed to be engaging in the unauthorized practice of appraisal management and shall be subject to the penalties set forth in N.J.S.A. 45:1-25 et seq.
- b) The Board shall send a notice of renewal to each registrant, at least 60 days prior to the expiration of the registration. If the notice to renew is not sent 60 days prior to the expiration date, no monetary penalty or fines shall apply to the registrant for any unauthorized practice during the period following the permit expiration, not to exceed the number of days short of 60 before the renewal was issued.

13:40A-9.6 ANNUAL CERTIFICATION; AMC RESPONSIBILITIES

- a) Each State-registered appraisal management company shall certify to the Board, annually, on a form provided by the Board, that it:
 - 1) 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;
 - 2) Has a system in place to verify that only licensed or certified appraisers are used for appraisals covered in this subchapter, including, but not limited to, those performed for Federally related transactions, appraisals pursuant to the provisions of the N.J.S.A. 45:14F-1 et seq., and this chapter;
 - 3) 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;
 - 4) 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. § 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
 - 5) Is in compliance with State laws and rules.
- b) Each State-registered appraisal management company 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.
 - 1) Detailed records include, but are not limited to, a copy of:
 - i) The assignment order or service request identifying the end-user client;
 - ii) Each assignment result, including revised reports, addenda, certifications, and any webform communications;
 - iii) Any and all correspondence between the appraisers, the registrant, and any other entity or party related to the assignment;

- iv) Any copy of any quality control review related to the assignment;
 - v) Any review not consistent with a quality control review;
 - vi) All fee schedules maintained and used by the registrant for the purpose of compliance with the provisions of the Truth in Lending Act, Pub. L. 90-321 (15 U.S.C. § 1639e) relating to customary and reasonable fees. The fee schedules shall be definitive in nature; and
 - vii) Any roster of New Jersey active and approved fee panel appraiser vendors, including the name of the appraiser, each appraiser's State credential number, the date the appraiser was placed on the panel, and the date and reason an appraiser was removed from the panel.
- 2) 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.
- c) The annual certifications required under this section shall be submitted to the Board by December 31 of each calendar year.
 - 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 State-issued appraiser credential in good standing.
 - e) Each registered appraisal management company shall disclose its Board-issued registration number on all engagement documents presented to the appraiser.

13:40A-9.7 RESPONSIBILITIES OF CERTIFIED OR LICENSED APPRAISER

- a) Each 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, rules, and regulations, including, but not limited to, conformance with the Uniform Standards of Professional Appraisal Practice.
- 1) 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.

- b) Each State-certified or licensed appraiser shall include on every appraisal performed pursuant to the Act both the appraisal management company registration number and the amount of the fee received by the appraiser for performance of that appraisal.

13:40A-9.8 REMOVAL OF APPRAISER FROM PANEL

- a) 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.
- b) 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 (a) above, shall be considered prima facie evidence of a violation of the ethics requirements under the Uniform Standards of Professional Appraisal Practice.
 - 1) For purposes of this section, "a material violation" is one that is likely to affect the value estimated in any appraisal utilized in this subsection, or any other act that reflects on the professional conduct of the appraiser.
- c) The Board shall not be involved in contractual disputes between an appraisal management company and an individual appraiser.

13:40A-9.9 NOTIFICATION TO THE BOARD REGARDING MATERIAL VIOLATION

- 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 determination that an appraisal management company has probable cause of a material violation of the Uniform Standards of Professional Appraisal Practice, applicable laws, or ethical or professional conduct.
- c) For purposes of this section, "a material violation" is one that is likely to affect the value assigned to a consumer's principal dwelling.

13:40A-9.10 PAYMENT TO APPRAISER

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

13:40A-9.11 PROHIBITED ACTS

- a) No employee, director, officer, agent, independent contractor, or other third-party acting on behalf of an appraisal management company shall:
- 1) 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;
 - 2) Willfully violate N.J.S.A. 45:14F-1 et seq., or this chapter;
 - 3) 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:

- i) Withholding payment for appraisal services;
 - ii) Threatening to exclude an appraiser from future work or threatening to demote or terminate in order to improperly obtain a desired result;
 - iii) Conditioning payment of an appraisal fee upon the opinion, conclusion, or valuation to be reached; or
 - iv) Requesting that an appraiser report a predetermined opinion, conclusion, or valuation or the desired valuation of any person or entity;
- 4) Alter, amend, or change an appraisal report submitted by an appraiser without the appraiser's knowledge and written consent;
- 5) 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:
- i) The appraiser's illegal conduct;
 - ii) A violation of the Uniform Standards of Professional Appraiser Practice, the Act, or this chapter;
 - iii) Improper or unprofessional conduct; and
 - iv) Substandard performance or other substantive deficiencies;
- 6) 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;
- 7) 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;
- 8) Engage in any other act or practice that impairs or attempts to impair a real estate appraiser's independence, objectivity, and impartiality;

- 9) Fail to timely respond to any subpoena or any other request for information;
 - 10) Fail to timely obey an administrative order of the Board; or
 - 11) Fail to fully cooperate in any investigation.
- b) Except for an individual conducting an administrative quality control examination to each employee of, or independent contractor to, an appraisal management company that performs a USPAP Standard 3 review of an appraisal report on property located in this State shall be an appraiser with the proper level of licensure or certification as required by this chapter.
- c) An appraisal management company that engages in any of the prohibited acts set forth in (a) above may subject the registrant to denial, suspension, or revocation of registration, or the levying of fines or imposition of civil penalties in accordance with N.J.S.A. 45:14F-49(a).

13:40A-9.12 IMPOSITION, COLLECTION OF FEDERAL FEES; REPORTING REQUIREMENTS

- a) With respect to reporting requirements for non-Federally regulated appraisal management companies, the Board will collect from each AMC registered, or each AMC seeking to be registered, in the State, the information and fees that the Appraisal Subcommittee requires to be submitted to it by the State.
- 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 by the Appraisal Subcommittee to be submitted by the State to the Appraisal Subcommittee. These reporting requirements shall include:
- 1) A report to the Board on a form prescribed by the Board of the AMC's 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 certification 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.

- c) The Board shall collect from a Federally regulated AMC operating in the State, for submission to the Appraisal Subcommittee, the AMC National Registry fee as established in accordance with 12 CFR Part 1102, Subpart E.