

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 3927

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 12, 2024

The Senate Commerce Committee reports favorably and with committee amendments Senate Bill No. 3927.

As amended, this bill establishes penalties for appraisers who engage in discriminatory real estate appraisals and requires certain information to be provided to present and prospective owners or occupants of real estate.

Under the bill, holders of appraisal licenses or certificates, or appraisal management company registrations, may have their licenses, certificates or registrations revoked or suspended, or be subject to fines, if the State Real Estate Appraiser Board determines that the holder of the credential has engaged in a discriminatory appraisal of real estate on the basis of the race, color, religion, sex, actual or perceived sexual orientation, actual or perceived gender identity, age, actual or perceived marital status, disability, familial status, or national origin of either the prospective owners or occupants of the real estate or real property, the present owners or occupants of the real estate or real property, or the present owners or occupants of the real estate or real properties in the vicinity of the property, or on any other basis prohibited by federal, State, or local law.

If the board finds a holder of a credential discriminated in the appraisal of real estate, the appraisal is deemed void and, for a first violation, the board is to fine the holder, order the holder to make restitution of the cost of the discriminatory appraisal, and require the holder to attend an anti-bias seminar approved by the board. A second violation requires the board to suspend the credential of the holder, order the holder to make restitution by covering the cost of the appraisal, and require the holder to attend an anti-bias seminar approved by the board. A credential may be restored after a second violation if the individual demonstrates restitution of the discriminatory appraisal and completion of the required anti-bias seminar after a period of suspension of no less than 30 days. If a third violation is committed, the board, after appropriate notice and a hearing, is to revoke the credential of the holder and order the holder to make restitution of the discriminatory appraisal. A holder of a credential who discriminates in the appraisal of real estate is

also subject to civil penalties of varying amounts depending on the violation—up to \$10,000 for a first violation; up to \$25,000 for a second violation occurring within five years of the first; and up to \$50,000 for a third violation. A complainant is also granted the right to initiate a lawsuit in Superior Court.

Additionally, the bill provides that within three days of receiving a mortgage loan application, a licensed mortgage broker or licensed real estate broker, broker-salesperson, or other mortgage salesperson must provide the mortgage applicant with a document, provided free of charge, that contains information, in a form and manner as prescribed by the board, informing the applicant of the opportunity to report, through the Internet website or telephone number of the Division on Civil Rights, any suspicion of discriminatory appraisal by the holder of an appraising credential. This requirement will apply to all applications for mortgages for residential real estate.

Finally, the bill requires that, when receiving a report of an alleged discriminatory appraisal, the Division on Civil Rights must ascertain the basis for the allegation and solicit from the complainant relevant demographic information, including but not limited to the identity of the complainant. The complainant may provide the demographic information solicited by the division on a voluntary basis. The division must compile any demographic information provided by the complainants and report in the aggregate the demographic information collected to the Governor and to the Legislature on or before July 1, 2026.

COMMITTEE AMENDMENTS

The committee amended the bill to:

(1) allow a complainant to initiate a lawsuit in Superior Court pursuant to the “Law Against Discrimination;”

(2) stipulate that the requirement that the distribution of document on how to report suspicions of a discriminatory appraisal by the holder of an appraising credential will be solely performed by mortgage salespersons to mortgage applicants;

(3) clarify that the requirement to provide mortgage applicants with a document informing the applicants of the opportunity to report suspicions of a discriminatory real estate appraisal will apply to all mortgage applications for residential real estate; and

(4) make certain technical changes.