

March 17, 2023

Via <https://www.surveymonkey.com/r/AQBComments>

Brad Swinney
Chair, Appraiser Qualifications Board
The Appraisal Foundation
1155 15th Street, NW
Suite 1111
Washington, DC 20005

RE: Appraisal Subcommittee Staff Comments on the January 31, 2023 First Exposure Draft of Proposed Changes to the *Real Property Appraiser Qualification Criteria*

Dear Chair Swinney:

The Appraisal Subcommittee (ASC) staff appreciates the opportunity to comment on the Appraiser Qualifications Board's (AQB) January 31, 2023, First Exposure Draft of Proposed Changes to the *Real Property Appraiser Qualification Criteria* (Criteria). The following comments reflect the opinions of the ASC staff and not the opinions of the ASC or its member agencies.

Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended (Title XI) empowered the ASC with the responsibility to monitor and review the practices, procedures, activities, and organizational structure of the Appraisal Foundation and its boards.¹ Title XI also empowered the ASC to monitor State appraiser certifying and licensing agencies for the purpose of determining whether a State agency's policies, practices, and procedures are consistent with Title XI.² Accordingly, ASC staff has reviewed the exposure draft and offers the following comments:

We are encouraged that the AQB is proposing that Valuation Bias and Fair Housing education for appraisers become a core educational requirement for aspiring and existing real estate appraisers. However, we do have the following comments and questions.

Lines 77-80 address the new requirement for qualifying and credentialed appraisers to complete a new continuing education (CE) course on Valuation Bias and Fair Housing "as part of each ongoing two-year continuing education cycle..." This is confusing because the Criteria has never required a 2-year cycle. The Criteria has a requirement for 14 hours of CE every year, however, the reference to a 2-year CE cycle is new. While some States have a 2-year credential renewal cycle, other States have longer or shorter renewal cycles. If the AQB is introducing a

¹ Title XI § 1103(b) (12 U.S.C. § 3332(b)).

² Title XI § 1103(a) (12 U.S.C. § 3332(a)).

new requirement for a 2-year educational cycle this should be clear. We recommend the AQB clarify the language regarding a 2-year cycle to ensure that States and appraisers understand that the cycle is a CE cycle and may differ from a State's credential renewal cycle. Alternatively, the AQB might want to use the same language in the Criteria as the USPAP 7-hour class (i.e., "Appraisers must successfully complete the Valuation Bias and Fair Housing refresher every two years").

Lines 86-89 indicate that the USPAP Instructor Recertification Course is satisfactory for the renewal of a credential. The *USPAP Instructor Recertification Course* is not required to be 7 hours in length. Is the shorter *USPAP Instructor Recertification Course* equivalent to a *7-hour National USPAP Continuing Education Course*? ASC staff recommends that the AQB clarify whether course instructors are required to have at least as many hours of USPAP instruction as non-instructors for renewal of their credential.

The exposure draft mentioned that federal agencies participated in the *Forum to Explore Education Requirements: Fair Housing Laws and Valuation Bias Education* but did not identify the agencies that attended and how involved they were in developing the new training outline. We recommend clarifying how much input federal agencies provided in the development of the training outline.

We are also concerned about some specific issues with the proposed course outline and description, as follows:

- Section B of the course outline lists Federal fair housing and antidiscrimination laws and regulations; however, many States and local governments have fair housing and antidiscrimination laws. We recommend the course outline include appraiser education requirements addressing relevant State and local laws.
- The course outline does not mention disparate impact or disparate treatment as topics included in the course. We recommend that the course outline include disparate impact and disparate treatment.
- The course outline does not mention the qualifications of instructors for the course. We recommend the AQB include a requirement that at least one of the instructors be knowledgeable about fair housing requirements and valuation bias.
- The course description notes that the "four-hour course will have less content on the topics of 'Understanding Real Estate Bias' and 'Federal Fair Housing Laws and Regulations', and more content on 'Valuation Bias' and 'Case Studies.'" p.24. It would be helpful to understand the reasoning for this.

ASC staff is concerned the January 1, 2026, effective date does not allow sufficient time for the States to require the valuation bias and fair housing course and change the title *from 7-Hour National USPAP Update Course (Update)* to *7-Hour National USPAP Continuing Education Course*. Many States have specific courses referenced in law or regulation so codifying the title

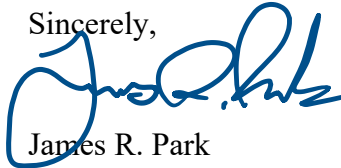
of the Update in statute or regulation will respectively require enacting legislation or performing notice and comment rulemaking.

When the AQB creates an effective date on which Criteria are adopted there are at times consequences for individuals who are already in the process of obtaining a credential. For example, the AQB should consider that a candidate, who has been approved to take the national examination as of December 31, 2025, meeting the current Criteria, but who takes the national examination after January 1, 2026, might never be required to take either the 8-hour or 7-hour course.

ASC staff is concerned that the valuation bias and fair housing course contains complex material that is not traditionally part of appraiser training and will require expertise to review the courses at the State level or through the Course Approval Program (CAP), or both. We recommend that the AQB employ experts to review the national and the State specific components of the courses for CAP.

Thank you again for the opportunity to comment. Please contact us if you have any questions.

Sincerely,



James R. Park
Executive Director