

Jillian White, CEO
Appraisal Insights
888C Eighth Avenue, Suite 231
New York, NY 10019

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Jim Park, Executive Director
Appraisal Subcommittee of the Federal Financial Institutions Examination Council
1325 G Street NW, Suite 500, Washington, DC 20005

Dear Appraisal Subcommittee Panelists,

Thank you for allowing me the privilege of addressing the committee and the opportunity to share insights on the critical issue of appraisal bias and its implications on our housing market. Your attention to this matter is invaluable, and I am honored to have the chance to contribute to the ongoing dialogue.

Three years ago, I began sharing my experiences as an appraiser, a lender, and a Black consumer who has personally experienced appraisal bias. When I initially entered the conversation, instances of bias were largely anecdotal or based on data sources other than appraisal reports. Since then, the landscape of appraisal bias has undergone a significant transformation. What started as anecdotal concerns has been substantiated by comprehensive reports from Fannie Mae and Freddie Mac, which analyzed millions of appraisals. Most recently the FHFA blog post on time adjustments has further illuminated the disparities in how appraisals are handled across communities.

This shift from anecdotal evidence to empirical data is crucial in understanding the gravity of the issue. The combination of real-life experiences and concrete data has contributed to a breakdown in public trust regarding the accuracy of appraisals. This evolution underscores the urgent need to address and rectify the systemic challenges associated with appraisal bias.

One area that demands attention is the Reconsideration of Value (ROV) process. Currently, each lender handles ROVs at their discretion, leading to frustration for consumers who often experience a lack of responsiveness. Standardizing the ROV process and offering guidance to those navigating the process is essential to empowering the consumer. Implementing metrics such as ROV frequency, outcomes, resolution time, and identifying appraisers receiving ROV requests can provide valuable insights into the prevalence of instances of bias. What gets measured gets managed.

Let's be honest, the current appraisal regulatory system adds another layer of complexity to an already intricate landscape. In the preamble of the Uniform Standards of Professional Appraisal Practice (USPAP) it states "The appraiser's responsibility is to protect the overall public trust."

To rebuild public trust, the system needs to be streamlined and revamped. The rules governing appraisals should be created by and enforced by the same entity. Additionally, these rules should be readily available to the public without cost. A well-organized and intuitive regulatory system is necessary to address consumer concerns and adapt to the changing needs of the industry.

Diversity in the appraisal profession is another vital aspect that needs attention. The supervisory and trainee relationship serves as a barrier to diverse talent entering the field. Eliminating this relationship is essential as the apprenticeship model lacks empirical support, and is having a disparate impact on people of color.

Regarding the Sales Comparison Approach, while it remains a useful tool, its execution must evolve. With data now widely accessible due to the internet, it is time to reduce the discretion of appraisers and replace it with data-driven methodologies. This shift benefits consumers, appraisers, and lenders by minimizing bias inherent in discretionary choices.

In conclusion, this panel plays a crucial role in addressing the challenges associated with appraisal bias. By standardizing the ROV process, streamlining the regulatory system, eliminating the apprenticeship model, and enhancing the execution of the sales comparison approach, we can collectively work towards a fair, transparent, and trustworthy appraisal system.

In the spirit of transparency, I, Jillian White, have contracts with both FFIEC to design an appraisal bias training for state and federal examiners and with HUD for PAVE Implementation and Business Process Development Support Services.

Again, thank you for your attention to this crucial matter. I am available for any further inquiries or discussions.

Sincerely,

Jillian White, CEO
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