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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

**TO:** Appraisal Subcommittee

**FROM:** Jim Park, Executive Director

**DATE:** February 23, 2022

**RE:** Staff Recommendation: *7-Hour National USPAP 2022-23 Update Course*

Staff Recommendation

Based on the issues raised in the independent report issued by NFHA on Appraisal Standards/Appraiser Criteria (NFHA Report) regarding the *7-hour National USPAP 2022-23 Update Course* (Update Course), ASC staff is recommending that the ASC take the following action:

- Provide notice to the Appraisal Foundation (TAF) to rescind and revise the Update Course in accordance with the recommendations set forth in the NFHA Report; and
- TAF should provide remedial course materials to all appraisers who have already received the training.

Staff believes ASC action is urgently needed since the Update Course is presently in circulation and being promoted by TAF as fair housing training. The Update Course is offered to appraisers under the mandate of the Criteria as enforced by the ASC.

The NFHA Report states the following:

The fair housing training module in the current 2022-2023 7-hour USPAP continuing education course for credentialed appraisers should be revised immediately and developed with the participation of fair housing experts to ensure the training is comprehensive and contains important elements needed to educate professionals about how to comply with the letter and spirit of applicable federal, state, and local fair housing laws.

Discussion

The ASC could remain silent and take no action. Staff believes this poses risk to the agency since ultimately the ASC is charged with enforcing the AQB Criteria requirement for all licensed and certified appraisers to take the Update Course. The Update Course could be detrimental to the financial services industry and consumers, particularly those consumers in protected classes.

Conversely, implementing the recommendations set forth in the NFHA Report supports the ASC's mission to provide oversight of the appraisal regulatory system and TAF, as well as the Federal Financial Institutions Regulatory Agencies in their roles to protect federal financial and public policy interests in real estate appraisals utilized in federally related transactions.

### NFHA Report Recommendations

- The introduction to the existing training should be revised to focus on fair housing laws and their requirements. Similarly, the overall tone of the module should be revised from one of raising questions about perception and reputational risk for appraisers to clearly identifying fact patterns that represent illegal discrimination and avoiding harm to consumers.
- The background section should be revised to focus on the history of appraisal discrimination and its impact on borrowers and communities of color.
- The legal section should be revised to accurately state the law. Currently, the module inaccurately focuses on intentional bias and unintentional bias rather than disparate treatment and disparate impact. The definitions and commentary also require revision to explain what constitutes disparate treatment and disparate impact and how appraisers can comply with legal requirements and follow best practices.
- The illustrations and case studies should be revised to clearly identify fact patterns that represent illegal discrimination. The fact patterns should focus on situations that are common and clearly covered by the Fair Housing Act.
- The instructor's manual should be revised to provide more explicit guidance. Also, in connection with fair housing topics, the instructor's focus should be on the law first and USPAP and other guidelines second.