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Appraisal Subcommittee

Federal Financial Institutions Examination Council

March 9, 2022

VIA EMAIL

The Honorable Maxine Waters
Chairwoman
U.S. House Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

Dear Madam Chairwoman:

Thank you for your letter alerting us to the disturbing communication sent to Dr. Korver-Glenn via email. We are deeply troubled with the content and tone of the email, which reflects uninformed views and racist stereotypes that have no place in our society, particularly from a person who is charged with providing professional services to diverse communities. We are also deeply troubled by the lack of diversity in the appraisal profession and the underlying causes. While the identifying information on this email has been redacted, the email's content clearly indicates that a broader fair housing/civil rights discussion with the State agencies that regulate appraisers is warranted. We are taking steps to address these issues at the state and federal level.

Over the past year, the Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council has prioritized the issue of appraisal bias and is focused on developing informed solutions to advance racial equity in the appraisal system. For example, as referenced in your letter, the ASC commissioned an independent study of the Uniform Standards of Professional Appraisal Practice and the Real Property Appraiser Qualification Criteria. The National Fair Housing Alliance authored the study.¹ It is a comprehensive and independent review of appraisal standards and qualifications that provides several recommendations for reforming the appraisal system to further racial equity.

In addition, the ASC hosted a series of roundtables with appraisers, fair housing experts, civil rights advocates, lenders, and government regulators to discuss racial discrimination in the appraisal industry and to explore solutions. The ASC has also been a key participant in the Interagency Task Force on Property Appraisal and Valuation Equity (PAVE) led by the U.S. Department of Housing and Urban Development and the Domestic Policy Council.

While these efforts are just scratching the surface of what needs to be done to address decades of redlining and racism in the U.S. housing market, the ASC is committed to reforming an appraisal system that promotes and advances racial equity.

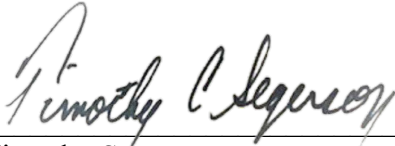
¹ "Identifying Bias and Barriers, Promoting Equity: An Analysis of the USPAP Standards and Appraiser Qualifications Criteria," is available at https://www.asc.gov/Documents/OtherCorrespondence/2022-01-14%20NFHA%20et%20al_Analysis.pdf.

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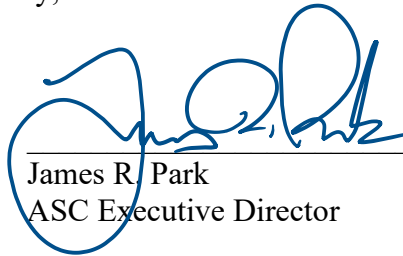
The professional standards that guide the appraisal industry must not encourage or systematize bias, but rather must promote fairness, equity, objectivity, and diversity in appraisals and in the training and credentialing of appraisers. The ASC welcomes the hearings you intend to convene and looks forward to providing any technical assistance you may require as you consider new legislation.

Again, thank you for the opportunity to share this information about the work of the ASC to address appraisal bias. Should you have additional questions about appraisal bias, please contact Elizabeth Eurgubian in the NCUA Office of External Affairs and Communications at EEurgubian@ncua.gov.

Sincerely,



Timothy Segerson
ASC Chairman



James R. Park
ASC Executive Director