

September 1, 2022

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

RE: AQB Forum to Explore Education Requirements Related to Fair Housing and Valuation Bias

Dear Mr. Swinney:

On behalf of the 1.5 million members of the National Association of REALTORS® (NAR), I thank you for your efforts to support fair housing and to eliminate bias in valuations, and for the opportunity to share our views on requiring fair housing training for real property appraisers. NAR believes regular fair housing training is essential for those involved in the business of real estate. To this end, NAR urges the Appraiser Qualifications Board of the Appraisal Foundation to revise the real property appraiser qualification criteria to require fair housing and valuation bias training for both qualifying and continuing education.

REALTORS® are Committed to Fair Housing and Fair Lending

As stewards of the right to own, use, and transfer private property, our livelihoods and businesses as REALTORS® depend upon an open housing market free from discrimination. Discrimination distorts the marketplace and prevents qualified buyers from accessing housing opportunities and the benefits of homeownership. REALTORS® support the strong and fair enforcement of the Fair Housing Act and the Equal Credit Opportunity Act.

NAR supports the free-flow of stable mortgage financing to make the American Dream of homeownership accessible to as many people as possible. Credible valuations are the gateway to mortgage finance and the opportunity to attain the American Dream. As industry leaders, we must use every tool at our disposal to ensure appraisals are conducted free from bias and discrimination.

Fair Housing Training at the National Association of REALTORS® and the Impact of *Newsday's Long Island Divided*

NAR's approach to fair housing training has evolved over the decades. For many years, the National Association of REALTORS® (NAR) was silent on fair housing training requirements. Our association did not require it, and we did not press our state associations to strengthen fair housing requirements in their state licensing regimes. (NAR is prohibited by ethics rules from lobbying for changes to state law directly—but NAR can urge its state associations to do so).

NAR's commitment to requiring and providing high-quality fair housing training significantly increased after publication of a hidden-camera investigation of alleged illegal discrimination by real estate agents on Long Island by *Newsday* in November 2019. The investigation attracted national media attention and was cited in testimony before Congress. The New York State government took aggressive action to address real estate discrimination in the wake of the investigation. The *Newsday* investigation caused us

reputational harm—but it also opened our eyes. Because discrimination in real estate is often hidden—a client may never know that he or she was given different information from another client or showed homes in different neighborhoods despite having the same qualifications and criteria in her home search—few complaints of real estate discrimination are filed. While discrimination testing studies of real estate agents consistently show differential treatment related to clients' identities, these studies are infrequent, and receive little attention.

Newsday was a necessary wake-up call to our industry. NAR acknowledged the need to take forceful, meaningful action in response. We needed to prevent and address the behaviors seen in the videos if we were to be true to our commitment to ensure the broadest possible access to property ownership. Our Leadership Team quickly approved the ACT! fair housing initiative, which emphasizes Accountability, Culture Change, and Training to advance fair housing in our industry. NAR allocated a substantial annual budget to this project, and soon hired a second fair housing subject matter expert to aid in its execution and delivery.

Voluntary Fair Housing Training

In November of 2020, we released [Fairhaven: A Fair Housing Simulation](#), the first fair housing training course produced by NAR since 1998. Fairhaven is an immersive online experience set in a fictional town where agents work against the clock to sell homes, encountering opportunities to test their knowledge of fair housing laws in the process. The training has two goals: to teach fair housing principles in realistic scenarios based on fair housing cases and member FAQs; and to show the point of view of people who have been harmed by housing discrimination. This second element underscores the “why” behind fair housing rules, inspiring empathy and willing acceptance of fair housing requirements, thereby driving behavioral change. Member feedback from a post-course survey gives Fairhaven very high marks.

Fairhaven, which takes 60-110 minutes to complete, is offered as a free benefit to our 1.5 million members. We also make Fairhaven available to non-members for a fee. We have undertaken a continuous national marketing campaign to encourage its voluntary uptake. State and local associations and brokerages have run competitions and other incentives to encourage members to participate. As of August 18, 2022, about 49,000 of our 1.5 million members have accessed the training, with about 35,000 members having completed it. Despite Fairhaven's rave reviews, it's being offered for free, its short duration, the ability to complete the training from home and pause and save progress to return and compete later—voluntary adoption of this training is low.

Also in 2020, NAR released a 54-minute [video](#) on implicit bias in real estate, which has been accessed by about 40,000 people. Building on the video, in April of 2022 NAR launched its three-hour classroom training on implicit bias, which has been approved for CE credit in several states. [Bias Override: Overcoming Barriers to Fair Housing](#) examines the history and impact of discrimination in real estate, explains the way our unconscious brains categorize people, causing us to treat them differently despite best intentions, and engages participants in real-estate specific scenarios where bias may arise and cause a fair housing violation. *Bias Override* is also a voluntary course, though two states (New York and California) now require implicit bias training for licensure. Close to a thousand members have participated in the course thus far.

Fair Housing Training Requirements for Licensure

As part of its ACT! fair housing initiative, NAR worked with the Legal Research Center to survey the real estate licensing statutes of 54 U.S. jurisdictions for both fair housing training requirements and fair housing enforcement mechanisms for licensees. Our research revealed wide variation among jurisdictions in their statutory requirements for fair housing education at various stages of licensure:

Pre-license education: Twenty-five (46%) jurisdictions require fair housing training for brokers and broker supervisors. Twenty-seven (50%) require fair housing pre-license education for agents.

Continuing education: Seventeen (31%) jurisdictions mandate fair housing training for brokers and broker supervisors at this stage, while fifteen (27%) mandate such training for real estate salespersons.

Based upon this research, and the recommendations of the anti-discrimination practice at WilmerHale, in May 2022, NAR's Board of Directors adopted the following policy statement regarding fair housing training for real estate licensure:

Fair Housing Education Requirements for Licensure

That the National Association of REALTORS® (NAR) urge state associations to promote legislation or regulation providing for the following minimum, universal fair housing education requirements for all real estate licensees:

- A concrete minimum number of hours of pre-license fair housing education to obtain a real estate license;
- A concrete minimum number of hours of continuing fair housing education to renew a real estate license;
- Defined fair housing education requirements for all licensees, with no exemptions.
- Course and instructor approval provisions that prescribe a strong fair housing curriculum and ensure high-quality instruction.
- Regular audits of the quality of fair housing course providers and instructors.
- And that such legislation or regulation provide opportunity for commercial real estate licensees to satisfy these requirements with non-discrimination training.

The policy was adopted nearly unanimously.

Fair Housing Training Requirements for NAR Membership

As a parallel effort to advocating for fair housing training requirements for real estate licensure, NAR's Fair Housing Policy and Diversity Committees also advanced a recommendation that NAR require fair housing training as a condition of membership. That recommendation was referred to the committee that oversees our membership requirements, which has now formed a work group to examine the issue. Discussions are underway with the goal of forwarding a policy recommendation to the Board of Directors at our November 2022 meetings.

Fair Housing Training Requirements for Real Property Appraisers

NAR strongly supports efforts to eliminate discrimination in all aspects of the home buying process. Regular, high-quality training is essential for fair housing compliance. Fair housing training cannot be effective if done only once in a career. Effective fair housing compliance requires shifts in attitudes and behaviors for many licensees, particularly around implicit bias. In learning any topic, particularly one that may challenge pre-conceived beliefs and behaviors, repetition is essential. Repetition also serves to underscore the importance of fair housing principles: they are not a box to be checked once and forgotten about. We must continually revisit the topics to ensure our practices are compliant with fair housing law.

NAR believes both aspiring and current real property appraisers must be equipped with effective fair housing and anti-bias education at both the qualifying and continuing education stages.

Qualifying Education: Fair housing should be included in Qualifying Education (QE) for appraisers. An increase in the total number of hours of QE is unnecessary. Fair housing should not be cabined off into a separate section of QE. It should be woven throughout the required core curriculum (RCC), as each topic presents potential for bias against protected classes, and an opportunity to inform aspiring appraisers how to recognize, confront and avoid bias. There should be a fair housing component to each of the following sections:

- Residential Market Analysis
- Site Valuation and Cost Approach
- Sales Comparison Approach
- Report Writing and Case Studies

Incorporating fair housing throughout the curriculum allows aspiring appraisers to apply fair housing principles as they learn the practice of real property appraisal. Such an approach could more effectively demonstrate the many ways bias can enter into a real property appraisal and provide practical tips about avoiding bias along with the core principles of appraisal practice. To be effective, fair housing training must include exercises involving student engagement and participation, as well as an exam.

Continuing Education: NAR believes that 2-3 hours of fair housing training should be added in addition to the required 7-hour USPAP update. The total number of hours of continuing education need not be increased; fair housing should simply be changed from an elective to a requirement.

Effective fair housing training must go beyond simply stating the content of the laws. It must help appraisers understand how to avoid specific discriminatory practices, and the importance of doing so. Effective fair housing training should include information on and examples of the history of bias in appraisal practice and its impact on communities and individuals, so students can understand the “why” of fair housing in real property valuation; experiential exercises so students may confront the ways discrimination may enter into an appraisal and practice avoiding it; and education on implicit bias specifically as it relates to real property valuation and protected classes. Student engagement and participation are key; as well as a quiz to test absorption of the material.

Further Collaboration

Once again, thank you for your efforts addressing issues of bias in the valuation process. We look forward to sharing our views at the Forum on Education Requirements on September 12, where we will be represented by the Chair of our Real Property Valuation Committee, Frank Gregoire. If you have any questions or comments, please feel free to reach out to Alexia Smokler (ASmokler@NAR.REALTOR), Director, Fair Housing Policy & Programs.

Sincerely,

A handwritten signature in cursive script that reads "Leslie Rouda Smith". The signature is written in a dark brown or black ink and is contained within a thin black rectangular border.

Leslie Rouda Smith

2022 President, National Association of REALTORS®