

February 8, 2023

The Honorable Jim Park
Executive Director
The Appraisal Subcommittee
1401 H St NW, Suite 760,
Washington, DC 20005

Dear Executive Director Park:

The National Association of REALTORS® (NAR) thanks you for your commitment to improve the appraisal process for all homebuyers. Credible and fair valuations are key to sustainable financing and REALTORS® commend the Appraisal Subcommittee (ASC) for holding its recent [hearing on appraisal bias](#). NAR has actively advocated for change and looks forward to subsequent hearings and opportunities to collaborate with the ASC and other stakeholders to end bias in appraisal.

The National Association of REALTORS® is committed to confronting present-day bias as well as the legacy of discrimination by the real estate industry and by government, which has created systemic barriers to homeownership for generations and a racial wealth gap that is large and persistent. We advocate for policy reforms to make homeownership more accessible for homebuyers of color, such as promoting an equitable and accessible housing finance system; increasing down payment assistance to first-time and first-generation homebuyers; tackling housing supply constraints and affordability; expanding outreach and counseling initiatives for renters and mortgage-ready millennials; shoring up sustainable homeownership and preservation; and strengthening government and private fair housing enforcement.

Appraisal Bias

Appraisal bias hurts REALTORS® by potentially disrupting agent-members' transactions and the communities they serve. NAR also has a sizeable number of appraiser-members who must live up to the REALTOR® standard.

In March of 2022, NAR [wrote to PAVE Task Force](#) outlining a number of areas of common ground and urging collaboration. Since then, NAR has met with staff of the Department of Housing and Urban Development (HUD) including PAVE's Executive Director Melody Taylor to discuss the reconsideration of value process and how REALTORS® could collaborate with HUD on that and other efforts. NAR recently [submitted comment](#) to the Federal Housing Administration regarding its proposed revisions to its ROV process urging greater efforts to aware consumers of this tool and the need affect deals before they are undermined by a low appraisal. Likewise, NAR [joined a coalition](#) to urge the FHA to pause its efforts until it could coordinate the ROV review with other government guarantee programs.

Raising the Bar of Professionalism

NAR has previously urged its state associations to promote legislation or regulation to state real estate licensing boards to require regular fair housing training for real estate agents. In 2022, NAR wrote the Appraisal Foundation (TAF), recommending that it too [urge state licensing boards](#) to adopt minimum fair housing training for licensure as well as continuing education.

Looking inward, NAR is currently developing Article 10 Training for appraisers that is part of NAR's online Code of Ethics training module. This training will seek to help define equal professional services for appraisers, provide case studies intended to generate an in-depth, multi-faceted understanding of the ethical duties under Article 10, and a checklist to help appraisers avoid Article 10 violations with an emphasis on following protocols and being proactive.

Improving Access to the Appraisal Profession

It's well documented that the appraisal profession lacks diversity. The standards to attain accreditation as an appraiser are high, often relying on "who you know" to gain an apprenticeship and requiring many hours of unpaid experience. In November, NAR wrote The Appraisal Foundation urging it to [consider allowing for education and experience](#) in parallel industries like real estate brokerage and sales to count towards the experience requirement for appraisal accreditation. The goal is to expand the pool of appraiser-candidates from appraiser-adjacent professions while maintaining high standards for candidates.

In recognition of this mentorship gap, NAR began its [NAR Spire](#) program in 2021. The program matches seasoned real estate professionals with aspiring professionals from underserved communities with the intent of helping them further careers. In a similar vein, NAR has provided financial support for the [Appraisal Diversity Initiative](#), which recruits, provides scholarships to, and matches aspiring appraisers with mentors. The ADI program has provided more than 400 scholarships to date.

Accountability

Robust enforcement of fair housing laws is essential to eliminate ongoing discrimination in real estate and appraisal. NAR has supported legislation to increase funding and strengthen the capacity of the nation's private fair housing groups receiving funds under HUD's Fair Housing Initiatives Program to carry out impactful fair housing enforcement activity, including testing. We support increased funding for HUD's Office of Fair Housing and Equal Opportunity and encourage that office to make greater use of its Secretary-initiated complaint authority to undertake investigations of systemic practices that deny homeownership to large groups of Americans. NAR supported FHFA's release of data that will allow investigators to examine appraisals for evidence of bias.

NAR also has led industry efforts to stamp out discrimination in real estate. In early 2020, NAR launched its "ACT! Initiative," a fair housing action plan emphasizing accountability, culture change, and training. As part of "ACT!," we have launched self-testing program for brokerages to assess their agents' compliance with fair housing laws and correct fair housing problems. We are engaged in efforts to strengthen fair housing education and enforcement provisions in state real estate licensing laws. We have created [implicit bias training](#) customized for the real estate context, and a fair housing [training simulation](#) that

put agents in the role of consumers experiencing discrimination, along with video testimonials of real people who have been affected by housing discrimination.

Working Together

Thank you again for holding the hearing on appraisal bias and for your efforts on future hearings. We appreciate your efforts to improve the valuation process and to support diverse homeownership. If you have any questions or comments, please feel free to reach out to Ken Fears, NAR's Director of Conventional Housing Finance and Valuation Policy at (202)383-1066 or KFears@NAR.REALTOR. Thank you once again and we look forward to our next meeting.

Sincerely,



Kenny Parcell
2023 President, National Association of REALTORS®