



March 23, 2022

The Honorable Joseph R. Biden
The President
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

On behalf of the more than 16,000 Designated members, candidates, and affiliates of the Appraisal Institute, thank you for launching and accepting the Property Appraisal and Valuation Equity (PAVE) Task Force “Action Plan to Advance Property Appraisal and Valuation Equity.” The Action Plan represents an important step forward to making improvements to lender and appraisal processes and procedures. It also highlights efforts taken by our organization in recent years to improve equity in appraisal.

We look forward to working with the PAVE Task Force agencies to implement several of the regulatory initiatives, particularly improvements to the Reconsideration of Value (ROV) processes and procedures. As it stands now, policies for ROV can vary depending on the type of institution and oversight mechanisms, leading to frustrations for borrowers and appraisers alike. Our organization stands ready to work with the bank regulatory agencies, loan guarantee agencies, FHFA, CFPB, HUD, and other stakeholders, to develop robust standardized and consistent guidance for lenders on the ROV process and procedure. This is a complex, yet important issue that cuts to the heart of many of the concerns recently expressed by borrowers of color. “The original appraisal stands” is commonly communicated to borrowers in response to a ROV request, with no explanation of the level of review that was completed, the qualifications of the reviewers, or any justification for supporting the original appraisal. We continue to suggest that the VA “Tidewater Initiative” serve as a strong model for the industry to implement, balancing consumer rights of appeal with appraiser independence.

We also strongly support appraiser, lender, and consumer education goals found in the Action Plan. Our organization has been active in developing education and supporting valuation bias and fair housing education requirements for appraisers at the federal and state levels. This work continues, but it has benefitted greatly by new laws that have been enacted over the past two years that can serve as models for other states looking to bolster education, awareness, and understanding. Further, the Task Force and agencies involved in the implementation of the Action Plan will undoubtedly require greater education, awareness, and understanding of the appraisal process moving forward, whether related to enforcement through appraisal review or basic understanding of appraisal methods and techniques. We stand ready to assist greater understanding of the appraisal process for all stakeholders.

Diversity is another area of agreement and enthusiasm. As you know, we have launched several initiatives aimed at improving the demographics of the appraisal profession. This includes the Appraiser Diversity Initiative, a partnership between the Appraisal Institute, Fannie Mae, Freddie Mac, and the National Urban League highlighted in the Action Plan. These and other efforts are receiving strong support from the industry, and we believe we are only scratching the surface of their potential. We look forward to working with your Administration to see that the goals of these programs are realized.

The Action Plan includes a great deal of interagency coordination and action, like in the areas of information sharing between agencies. One item of the Action Plan that stands out is the need for

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interagency coordination on information sharing amongst appraisers and appraisal management companies across state lines. We have long advocated for states to coordinate the licensing functions through a common platform, or portal, similar to the Nationwide Mortgage Licensing System for mortgage originators. This proposal has been introduced in the last two sessions of Congress as the Portal for Appraisal Licensing (HR 5756). We strongly suggest this bill serve as a foundation for future regulatory reforms for the industry to improve information flow at the federal and state levels and for industry practitioners and stakeholder organizations.

We look forward to reviewing and providing feedback on additional legislative proposals in this area. The Action Plan calls for significant regulatory and oversight changes but does not outline specific plans. Transparency and accountability are important, but these goals should be balanced with maintaining industry independence and promoting entry into the profession.

A great deal of research has been conducted on this topic, and there is clearly a need for more, especially when it comes to understanding causal inputs and effects where concerns have been found. Professional appraisers strive to maintain independence and objectivity. The vast majority of appraisers uphold this high standard and strive to learn more and develop protocols to increase confidence and credibility in their work.

The Appraisal Institute looks forward to working with you on ways to ensure borrowers understand they have an opportunity to be heard during the appraisal process. Much work lies ahead, but we thank you for your strong leadership on these critically important issues.

Sincerely,

A handwritten signature in blue ink that reads "Pledger M. Bishop, III". The signature is fluid and cursive, with a stylized "P" and "B".

Pledger M. Bishop, III, MAI, SRA, AI-GRS
President