

## **Government Relations Committee Report** **2nd Quarter Joint Region Meeting**

GRC members:

Deb Clark, MAI – Chair	Alison Smeltzer, SRA, AI-RRS (Region VI)
Melissa Bach, MAI (Region I)	Kevin O’Hara, SRA, AI-RRS (Region VII)
Jeff Morley, MAI, SRA (Region II)	Mark Lowery, MAI, AI-GRS (Region VIII)
Curt Kolell, MAI, AI-GRS (Region III)	Randy Button, MAI, SRA, AI-GRS (Region IX)
John Biordi, MAI, AI-GRS (Region IV)	Carlos Velez, MAI, SRA (Region X)
Megan Glosser, MAI (Region V)	

The GRC has set an ambitious agenda for 2025, centered on **seven key advocacy priorities**:

1. **Defending the Profession**
2. **Protecting Integrity**
3. **Streamlining Licensing**
4. **Promoting AMC Fee Transparency**
5. **Limiting Liability**
6. **Lowering Unnecessary Barriers to Entry**
7. **Promoting AI professionals**

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### **Executive Order on Mortgage Liquidity: What It Means for Appraisers**

A recent Executive Order directing federal regulators to improve mortgage market liquidity includes several provisions that could significantly impact appraisal practice. The order calls for modernization of appraisal regulations, including expanded use of alternative valuation models (AVMs), desktop and hybrid appraisals, and artificial intelligence tools. It also encourages agencies to explore simplifying appraiser qualification requirements and reducing appraisal requirements for certain “low-risk” transactions. In addition, HUD and the VA are directed to review alignment of appraisal standards, clarify repair-related inspection requirements, and consider greater flexibility for post-closing repairs.

While the Executive Order sets broad direction, early stakeholder discussions suggest that meaningful policy changes could follow in the near term. Areas of likely activity include expanded appraisal waivers, increased reliance on AVMs and AI-supported tools, broader use of hybrid valuation products, potential revisions to appraiser qualification criteria, and possible increases to federal de minimis thresholds. There is also discussion that the Interagency Appraisal and Evaluation Guidelines could face significant revision or even be retired.

One of the most important takeaways is the potential cumulative impact of these changes. Individually, each policy shift may seem manageable. Taken together, however, expanded waivers, greater use of AVMs, higher de minimis thresholds, and wider acceptance of alternative valuation methods could materially

reduce demand for traditional appraisals in federally related transactions—and potentially do so more quickly than expected.

Key questions remain, particularly around how “low-risk” transactions will be defined and where alternative valuation methods will be considered appropriate. Stakeholders also emphasized the importance of maintaining strong oversight and quality control for AVMs and AI tools, preserving appraiser independence, and ensuring clear consumer disclosures when a transaction does not involve a traditional appraisal.

At the same time, there is an opportunity for the appraisal profession to help shape how these policies are implemented. Coordinated engagement and consistent messaging will be critical as federal agencies begin to translate the Executive Order into specific proposals.

The bottom line: this is an active and evolving policy issue. Appraisers should expect continued developments in the months ahead as regulators begin to act.

### **AI Pushes for Fair, Evidence-Based Enforcement in HUD Comment Letter**

The Appraisal Institute recently submitted a formal comment letter to HUD in response to the Department’s [proposed](#) rescission of key elements of its Fair Housing Act disparate impact framework.

In its comments, AI reaffirmed strong support for the Fair Housing Act’s goals while raising concerns that the current framework has too often treated appraisers as enforcement targets based on valuation outcomes alone, without clear evidence of discriminatory intent or violations of professional standards. AI emphasized that appraisals are independent, data-driven professional judgments, not policy decisions, and that outcome disparities frequently reflect real market conditions rather than misconduct.

AI expressed support for HUD’s recognition that outcome disparities, by themselves, are not proof of unlawful discrimination and endorsed the Department’s efforts to restore a more balanced, evidence-based enforcement approach. The Institute also reiterated its support for robust fair housing enforcement focused on intentional discrimination and biased practices, while cautioning against presumptive liability that undermines appraisal independence and due process.

You can read our letter to HUD [here](#).

### **Senate Passes Major Housing Bill with Key Appraisal Reforms**

The U.S. Senate passed a sweeping bipartisan housing package to improve affordability and expand the housing supply nationwide. The 21st Century ROAD to Housing Act passed 89 to 10 and includes provisions to boost housing availability, modernize federal programs, and ease market pressures on homebuyers.

For appraisers, the bill includes several measures the Appraisal Institute has long supported.

The bill incorporates the Appraisal Modernization Act, which sets new requirements for reconsideration of value (ROV) processes. The measure aligns with Appraisal Institute recommendations and gives consumers a clear way to request a second look at an appraisal when appropriate. Under the act, FHA, FHFA, the Department of Agriculture, and the Department of Veterans Affairs must implement and

maintain their own ROV guidelines. An earlier Senate draft would have codified the GSEs' ROV guidelines to standardize policy across federal agencies.

The legislation also includes the Appraisal Industry Improvement Act, which updates several parts of federal appraisal policy. The bill restores eligibility for state-licensed appraisers who meet competency requirements to complete appraisals for FHA-insured mortgages. It also allows appraisal organizations such as the Appraisal Institute to compete for Appraisal Subcommittee grants to support education, workforce development, and other initiatives that strengthen the profession.

The Senate vote marks a major step, but the bill now faces resistance in the House, where conservatives have criticized many of the new programs in the package. The House-passed version of the legislation is more focused on reducing regulatory barriers to the construction of new affordable housing. House Republicans must either accept the Senate's changes or take the bill to conference to negotiate a compromise.

The Appraisal Institute will continue to monitor the bill as Congress considers next steps.

### **AI PAC Chapter/Region Fundraising Challenge Ends**

The inaugural AI PAC Chapter/Region Challenge has concluded with members raising \$76,734.99. While the overall fundraising goal was ambitious, the effort successfully renewed focus on strengthening the Appraisal Institute Political Action Committee and encouraging greater member engagement in advocacy.

The Tennessee Chapter, which led the effort by a wide margin. The chapter exceeded its fundraising goal by more than 1,800%, raising \$60,204.99, with 50% of members contributing. This remarkable participation rate reflects the power of direct outreach and member engagement.

Much of that success was driven by GRC member Randy Button, MAI, SRA, AI-GRS, whose leadership helped mobilize members across the chapter.

While the Chapter Challenge has ended, the effort to grow the AI PAC continues. The Appraisal Institute will keep working with chapters and members to strengthen participation and ensure the profession maintains a strong voice in Washington.

#### **Final results:**

##### Top Chapters by % of Chapter Goal Reached

#1: Tennessee Chapter – 1,899% (!)

#2: Wyoming, North Dakota, and South Dakota Chapter – 280%

#3: Western Pennsylvania Chapter – 105%

##### Top Chapters by Member Participation Rate

#1: Tennessee Chapter – 50%

#2: Wyoming, North Dakota, and South Dakota Chapter –15.5%

### #3 Savannah Area Chapter – 10.8 %

#### **FHA Attic Inspection Policy: Appraisal Institute Seeks Further Clarification**

Questions surrounding attic inspection expectations under the FHA Single Family Housing Program have persisted for years within the appraisal profession. Although FHA has made incremental updates to its appraisal guidance, uncertainty remains as to whether attic observation is implied as a default requirement.

As of June 30, 2025, FHA no longer requires photographs of attics and crawlspaces and allows appraisers to note when attic access is blocked or not possible due to safety concerns. These changes were widely viewed as positive steps toward improving appraiser safety and reducing unnecessary risk. However, the absence of explicit language stating that attic viewing is not required has led to continued uncertainty in the field.

That uncertainty was heightened in late 2025 following the tragic death of an appraiser while performing an FHA appraisal. While incidents of this nature are rare, the event underscored long-standing concerns within the appraisal profession about safety risks associated with attic access, particularly when such access provides limited additional information about a property's condition.

In response, the Appraisal Institute formally engaged FHA to encourage further clarification of its guidance. The Appraisal Institute's position is that attic inspection should not be implied as a default expectation, particularly when potential issues can typically be identified through exterior roof observations and other readily available indicators. As FHA has previously acknowledged,

appraisers are already permitted to refrain from attic access when safety concerns exist, raising questions about the necessity of maintaining any implied expectation at all.

Representatives of the Appraisal Institute met with FHA officials this week to discuss these concerns and to emphasize the importance of clear, unambiguous policy language. Appraisal Institute representatives highlighted that clearer guidance would not only improve appraiser safety but also promote consistency across the appraisal process and reduce uncertainty for lenders, appraisers, and borrowers alike.

The Appraisal Institute is encouraged by the dialogue with FHA and is hopeful that the agency will provide additional clarification in the coming months. Clearer guidance would help ensure that appraisal requirements align with both sound valuation practice and the practical realities appraisers face in the field. The organization will continue to engage with FHA on this issue and keep members informed of any policy developments.

#### **IRS Appraisal Penalty Process Draws Congressional Scrutiny**

Congressman David Kustoff (R-TN) recently submitted a written question for the record following a House Ways and Means Committee hearing on March 4<sup>th</sup> at which the Internal Revenue Service CEO Frank Bisignano testified highlighting longstanding concerns from the appraisal community regarding the agency's handling of penalties tied to non-cash charitable contribution appraisals. His inquiry

focuses on whether sufficient valuation expertise is applied in enforcement decisions and encourages consideration of an independent appraisal review panel to help ensure fairness, consistency, and due process in these cases. Responses are typically requested within a few weeks, but timing varies and can extend longer depending on the issue.

### **Pappas Questions Whether VA Appraisal Standards Should Be Lowered as Subcommittee Examines VA Changes**

During a March 26 hearing of the House Veterans' Affairs Subcommittee on Economic Opportunity, Ranking Member Chris Pappas (D-NH) raised a central question in the ongoing debate over VA appraisal policies: rather than lowering standards in the VA Home Loan Program, should policymakers instead be looking to raise standards across other housing finance programs to match it?

The hearing focused on potential changes to the VA Home Loan Program, including appraisal requirements, an issue receiving increased attention following the Administration's recent executive order directing agencies to review appraisal practices in federally backed mortgage programs. The discussion suggests that the policy directives in the executive order are now beginning to translate into legislative activity.

Subcommittee Chairman Derrick Van Orden (R-WI) indicated during the hearing that he is exploring legislation related to VA appraisals. While details of the proposal have not yet been released, the effort appears to focus on aspects of the VA appraisal process including changes to the Minimum Property Requirements that some industry groups argue can complicate or delay transactions for veterans using VA financing.

A representative from the U.S. Department of Veterans Affairs generally defended the current appraisal system, noting that the issue of delays in appraisals is no longer a problem and that VA appraisals serve an important role in protecting both veterans and the integrity of the VA loan guaranty program by ensuring credible valuations and identifying property condition issues. However, witnesses from the Mortgage Bankers Association and the National Association of Realtors urged policymakers to consider changes to the VA appraisal process. In particular, they raised concerns about Minimum Property Requirements and repair-related conditions that can sometimes delay closings or discourage sellers from accepting VA-backed offers.

The hearing ultimately underscored a growing policy debate about how to balance efficiency in mortgage lending with the longstanding safeguards embedded in the VA appraisal process. As lawmakers evaluate possible reforms, the Appraisal Institute will continue monitoring developments closely, particularly any legislative proposals affecting VA appraisal standards or property condition requirements.

The discussion also signals that the Administration's executive order on appraisal practices is already beginning to shape policy conversations in Congress, with potential implications for how appraisals are conducted in federally supported mortgage programs moving forward.

## **Second Annual Legislative Day Scheduled**

The Appraisal Institute is proud to host its 2nd Annual Legislative Day on May 20–21, 2026, in Washington, D.C. Legislative Day will culminate in a dynamic day and a half of policy education, grassroots advocacy, and unparalleled networking opportunities.

During Legislative Day, you'll have the opportunity to:

- Engage directly with Capitol Hill staff on critical public policy issues affecting appraisers, including appraisal waivers, hybrid appraisals, property data collectors, appraisal management companies, and more. Advocate for meaningful change that supports and strengthens the appraisal profession.
- Network with peers from across the country and build lasting professional connections.
- Join us in D.C. and help ensure policymakers hear directly from the professionals who protect the integrity of real estate valuation every day.

## **Appraisal Institute State Government Relations Program: 2026 Legislative & Regulatory Activity**

In 2026, the Appraisal Institute's state government relations program is actively engaged across multiple jurisdictions, focusing on a core set of legislative and regulatory issues that directly impact appraiser practice, licensure, and the broader valuation ecosystem.

A primary area of focus is modernizing appraiser qualification pathways, particularly through the adoption of PAREA (Practical Applications of Real Estate Appraisal). Several states are advancing legislation or rulemaking to incorporate PAREA as an alternative to traditional experience requirements, expanding access to the profession while maintaining competency standards.

The organization is also prioritizing efforts to limit appraiser liability and clarify statutes of limitations, with legislative proposals in multiple states aimed at establishing clear timeframes for claims against appraisers. These efforts are intended to reduce legal uncertainty and help stabilize professional risk and insurance costs.

Another emerging area of activity involves the regulation of property data collectors and hybrid appraisal inputs. As hybrid and alternative valuation products gain traction, states are beginning to consider whether and how to regulate individuals who collect property-level data. The Appraisal Institute is working to ensure that any regulatory frameworks clearly distinguish data collection from appraisal practice while maintaining data quality and accountability.

The program is also engaged on issues related to valuation bias and fair housing-related education requirements, where state-level proposals and regulatory actions vary widely. The Institute is monitoring and responding to ensure that requirements are consistent, practical, and aligned with federal standards, while avoiding fragmented or conflicting state mandates.

In addition, the Appraisal Institute is tracking and influencing legislation related to appraisal waivers, alternative valuation methods, and state oversight structures, including discussions around licensing frameworks and regulatory authority. For example, states like California are examining broader questions about licensing scope and regulatory structure, signaling potential longer-term shifts in how appraisal practice is governed.

Across all these issues, a consistent theme in 2026 is regulatory alignment and consistency. The Appraisal Institute is advocating for state policies that align with federal guidance, preserve appraiser independence, and ensure that technological innovation in valuation is implemented with appropriate safeguards.

Overall, the state program remains highly active, with a focus on protecting the role of the appraiser, shaping emerging regulatory frameworks, and ensuring that modernization efforts do not undermine credibility, quality, or public trust.

### **State Legislation of Interest**

**Alabama Senate Bill (SB) 87** - Adds a statute of limitations for civil actions against appraisers requiring commencement within three years of discovery but no more than five years after appraisal completion, with exceptions for fraudulent appraisals.

**Illinois SB 3235** - Adds definition of "data collector" as a person hired by appraisal management companies or mortgage lenders to inspect and collect data and pictures of real estate for appraisers. Makes it unlawful to act as a data collector without a license issued under the Real Estate Appraiser Licensing Act of 2002.

**Indiana House Bill (HB) 1429** - This bill adds a new section to the Indiana Code concerning civil law and procedure. The bill establishes a statute of limitations for civil actions brought against real estate appraisers and appraisal management companies. The bill applies only to appraisals or appraisal services performed after June 30, 2026.

**Kentucky HB 355** - This Kentucky bill renames the Real Estate Appraisers Board to the Real Property Appraisers Board, establishes it as an independent agency, and updates statutes to reflect "real property" terminology while expanding board membership and moving to biennial licensing cycles. It also revises licensing, continuing education, and oversight requirements for appraisers and appraisal management companies, including registration and recordkeeping obligations. The bill strengthens enforcement authority by outlining disciplinary actions, fines, and applicable statutes of limitations for claims against appraisers.

**Massachusetts HB 405** – Updates real estate appraiser record retention requirements

**Massachusetts HB 468** – Updates the state’s appraisal management company licensing law

**Massachusetts SB 179** – Enacts mandatory licensing and allows appraisers to perform evaluations

**Maryland HB 900** – Allows legislative scholarships to be used for appraiser qualifying education and PAREA

**Maryland HB 919/SB 657** – Establishes a PAREA scholarship program within the Maryland Higher Education Commission

**Maryland HB 920/SB 811** - This bill proposes to require real estate professionals to report the final sale prices of new homes to multiple listing services or similar databases. The bill adds a new section to Maryland's Real Property law establishing reporting requirements within 30 days of sale. The bill defines multiple listing service as a database used by real estate professionals to facilitate property sales and prepare market evaluations and appraisals.

**Maryland HB 1299/SB 817** - This bill proposes to establish a communication and review process for residential real property appraisals in Maryland. The bill requires appraisers to notify interested parties when preliminary appraisal values may fall below contract prices or estimated values and allows those parties to submit additional market data for consideration. The bill mandates documentation of this communication process and prohibits using it to improperly influence appraisers.

**Maryland SB 877** - This bill addresses real estate appraisals, record retention requirements, and statutes of limitations for civil actions. The bill proposes to alter the period that licensed real estate appraisers must retain certain records and establish statutes of limitations for appraisal-related civil actions. It also proposes to modify the statute of limitations for civil actions involving alleged discriminatory housing practices related to residential real property appraisals.

**Michigan HB 4928** – Removes the 18-month statute of limitations on administrative claims against real estate appraisers

**New Jersey Assembly Bill 3493/SB 2849** - This bill addresses the State Real Estate Appraiser Board and discriminatory practices in property appraisals. The bill proposes to reduce the membership of the State Real Estate Appraiser Board and modify the appointment process. The bill also prohibits discrimination in real estate appraisals based on race, color, or national origin.

**New Jersey SB 2798** - This bill addresses discriminatory real estate appraisals of residential property based on race, creed, color, or national origin. The bill proposes to supplement existing New Jersey real estate appraiser law by providing the State Real Estate Appraiser Board with specific authority to investigate and impose disciplinary measures against license and certification holders who knowingly engage in such discrimination.

**New York AB 2274** – Gives the state appraisal board the authority to impose fines of up to \$2,000/violation and requires that monies acquired by imposing fines are to be deposited in the housing discrimination fund and to be used, amongst other things, to test appraisers for discrimination.

**New York AB 5070** – Creates a real estate appraiser task force to “investigate and identify the misevaluation of the asset of this category of professionals and develop ways to overcome the biased behavior.”

**Oklahoma HB 1081** - This Oklahoma bill strengthens appraisal transparency and ethics requirements by mandating that residential appraisal reports include an invoice as the first page disclosing the appraiser's compensation. It also requires appraisal management companies (AMCs) to disclose both their fees and the appraiser's fee to clients and prohibits AMCs from preventing or removing appraiser invoices from appraisal reports.

**Virginia HB 170** - Addition of a mandatory minimum of two hours of education on fair housing and appraisal bias for all real estate appraiser license applicants. Requirement that fair housing and appraisal bias courses be audited annually by the Fair Housing Board.

**Virginia HB 1102** – The bill establishes requirements for real estate appraiser training on energy efficiency investments.