

# Appraisal Institute®

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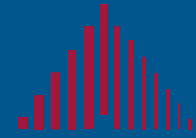
## Legislative and Regulatory Update

### North Carolina Chapter

October 26, 2022

Brian Rodgers, Manager of Federal Affairs

Scott DiBiasio, Manager of State & Industry Affairs



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# Valuation Bias Diversity, Equity, and Inclusion

- Brookings Institution reports
- Media inquiries/reports
- 2019 Congressional hearings
- Biden Administration response
- PAVE Task Force
- ASC/CLEAR Report
- 2022 Congressional hearings

- Housing Fairness Act, H.R. 68/S 769
  - Addresses broader topics related to housing discrimination
  - Grants to close the “appraisal gap”
- The Real Estate Valuation Fairness and Improvement Act, H.R. 2553
  - Task Force to develop consistent policies and procedures across federal agencies
  - ROV standards and guidelines
  - Study potential racial disparities, such as barriers to entry-AQB minimum requirements
  - Grant funding for diversity, equity and inclusion included as part of 2023 National Defense Authorization Act (HR 7900)

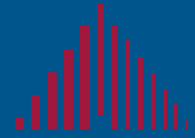
- House Financial Services Chair Discussion Draft – “Fair Appraisal and Inequity Reform Act of 2022”
  - Proposes "Federal Valuation Agency" for standards and qualifications/includes an “Office of Fair Lending”
  - Mandatory fair housing QE and CE
  - Publicly available, searchable database of valuation information
  - Funding “to investigate discriminatory practices in the provision of real estate valuations”
  - Establishes procedures of appraisal discrimination complaints, including requiring respondent to submit all appraisals performed in the previous 24 months
  - Stiffer penalties, extends statute of limitations to 5 years

- Well over 100 Fair Housing Act complaints submitted
- No published actions to date
  - One settled case being reopened
- CFPB
  - ECOA
  - Unfair, Deceptive, or Abusive Acts or Practices (UDAAP)
- Several civil lawsuits
- Wikipedia "cut and paste"

- California – AB 948 (2021) – “Fair Appraisal Act”
- Illinois – HB 4410 – “Real Estate Valuation Task Force Act”
- Maryland – HB 1097 – Task Force on Property Appraisal and Valuation Equity
- New Jersey – AB 1518/1519, SB 777, AB 4647, AB 4648

- Pre-existing
  - Ohio (2008) - “One course devoted exclusively to federal, state, and municipal fair housing law” 3 hours as part of QE for all credentials
  - New York (2010) – QE Course on “Fair Housing/Fair Lending and Environmental Issues” 15 hours
- New
  - California – 3 hours of “elimination of bias” and “cultural competencies” during each 4-year cycle
  - Delaware – 4 hours of fair housing or valuation bias during each cycle
  - Maryland – 3 hours of CE on valuation bias, discrimination, and fair housing
  - Minnesota – Mandatory CE on valuation bias during each cycle
  - New York (New) – “Fair Housing Requirements for Appraisers and Assistant Appraisers” - 7 hours of mandatory CE during each 2-year cycle
  - Virginia – 2 hours of valuation bias or fair housing





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## PAREA

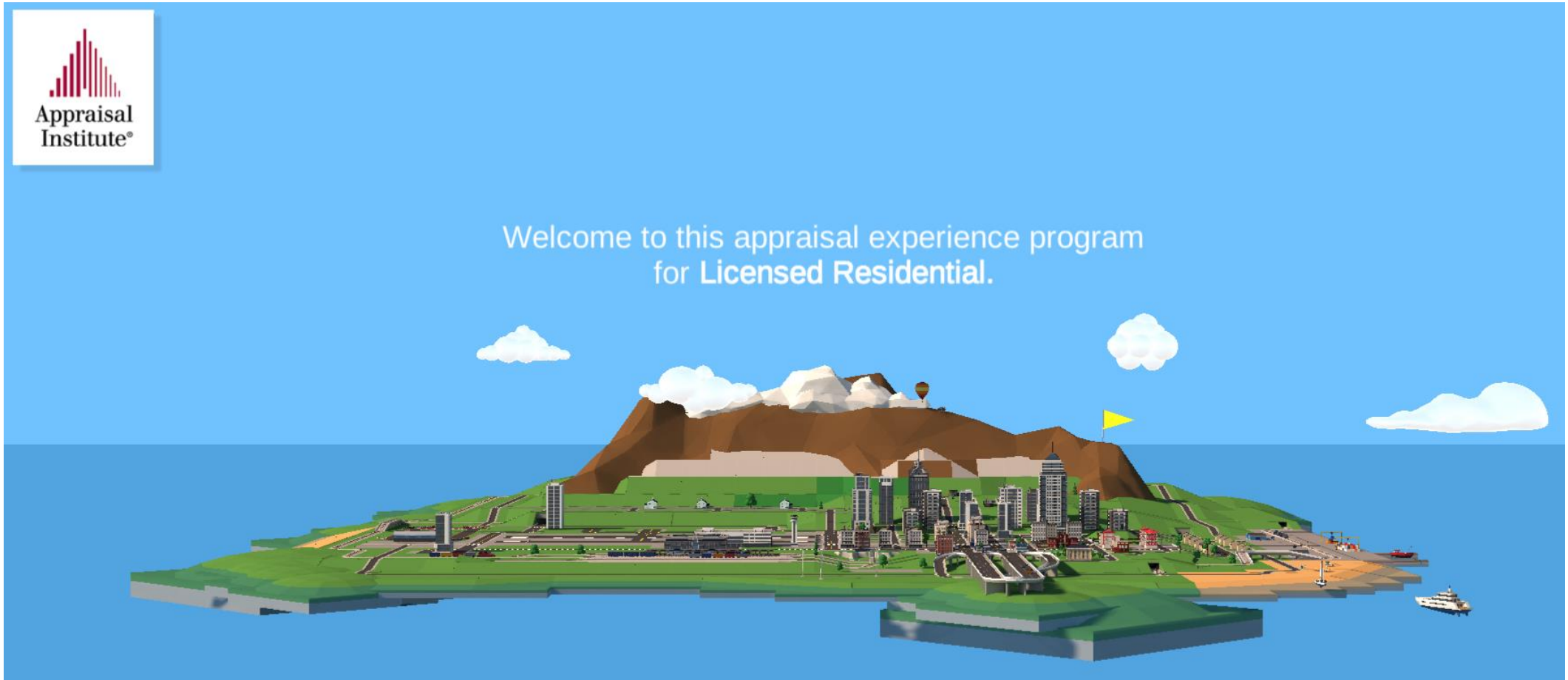
- PAREA is an important part of efforts to make the appraisal profession look more like America
- Research has shown that African-, Asian-, and Hispanic-Americans have a disproportionately more difficult time finding supervisors
- AQB has reviewed several “Concept Papers” from potential PAREA developers

- State uptake is gaining momentum
- 30 jurisdictions have indicated acceptance of PAREA
  - AK, AR, CA, CO, DC, DE, FL, ID, IA, KY, KS, LA, ME, MI, MT, NC, NE, NH, NJ, NM, OH, OK, PA, RI, SD, TN, TX, UT, WA, and WV
- 6 additional states adopt the RPAQC by reference
  - AZ, MN, MS, ND, SC, TN and VT
  - PAREA should be accepted in these states by virtue of being in the RPAQC
- 19 other states are still looking at PAREA
- AI is developing a PAREA program
  - BOD authorized up to \$2.5M
  - \$500,000 Pathways to Success grant from TAF
- 2023 Delivery commitment

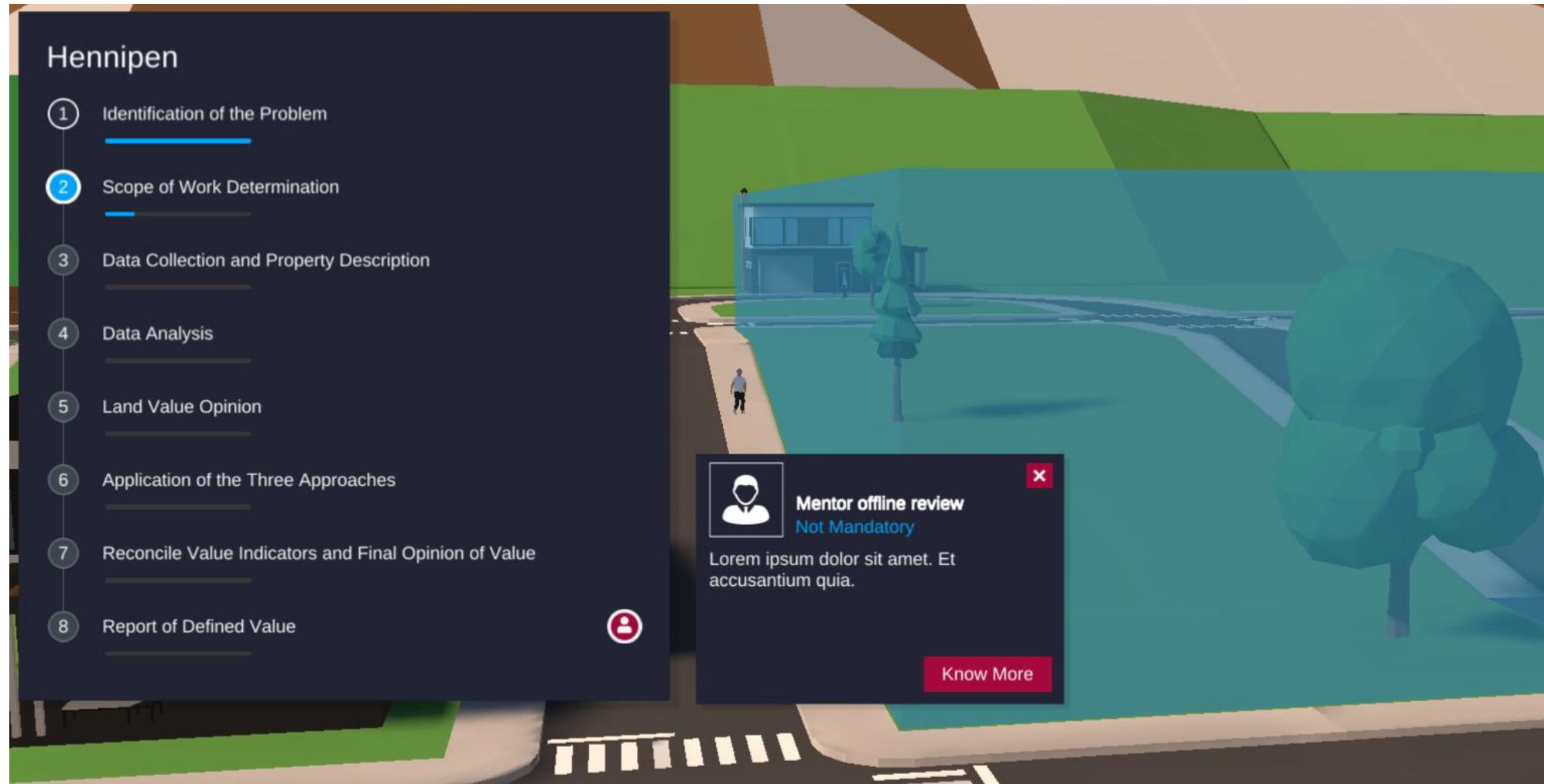
# AI PAREA Examples



# AI PAREA Examples



# AI PAREA Examples



**Hennipen**

- 1 Identification of the Problem
- 2 Scope of Work Determination
- 3 Data Collection and Property Description
- 4 Data Analysis
- 5 Land Value Opinion
- 6 Application of the Three Approaches
- 7 Reconcile Value Indicators and Final Opinion of Value
- 8 Report of Defined Value

**Mentor offline review**  
Not Mandatory

Lorem ipsum dolor sit amet. Et accusantium quia.

Know More

# AI PAREA Examples

## Hennipen Identification of the **Problem**

Enter »




# AI PAREA Examples

## Identification of the Problem

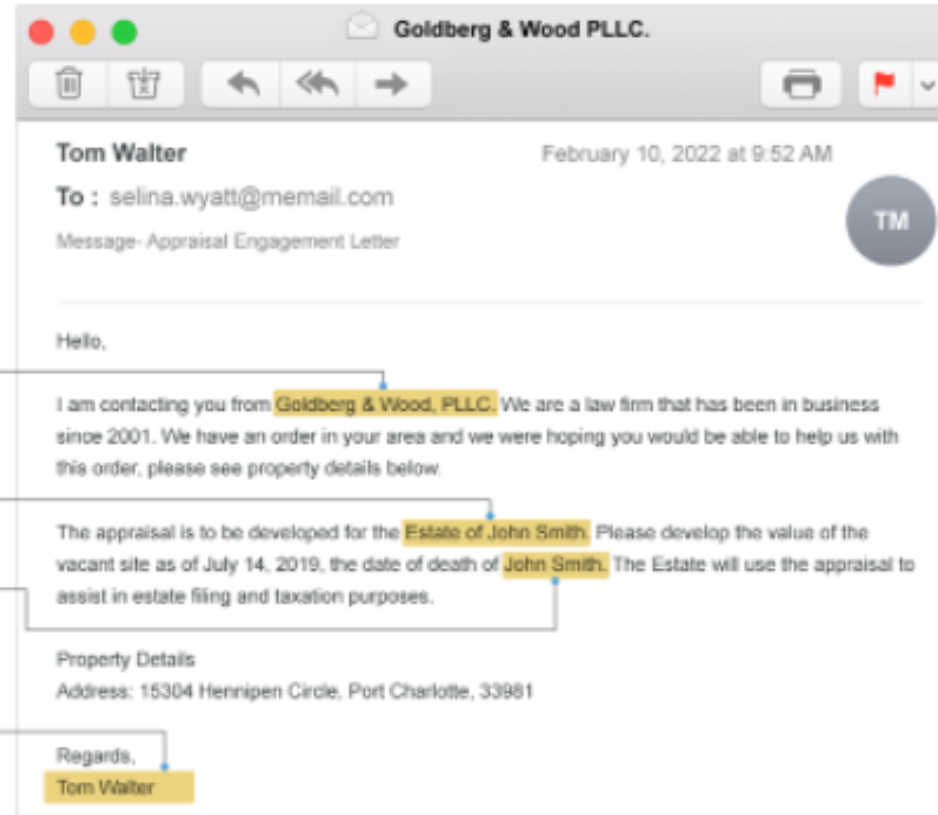
### Examining the details of the assignment

Begin by identifying the client and the intended user in the Letter of Engagement.

 Drag the labels to the corresponding highlighted text in the letter.

Client

Intended User



Submit

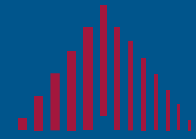
Review Information



Identify the intended use







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# Other Federal Legislation/Regulation

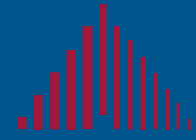
- **Portal for Appraisal Licensing Act-H.R. 5756/S.?**
  - Based on precedents recently enacted by Congress
  - Original Co-Sponsors: Ed Perlmutter (D-CO) & David Kustoff (R-TN)
  - Consistent with PAVE Act Action Plan Recommendation
  - Establishes a “cloud-based” nationwide licensing system for state appraiser certification/licensing
  - “One stop shopping” for licensing and renewals
  - Establishes consistent I procedures for
    - Continuing education renewal time periods
    - Conducting a common background check for states that require one.

- Homebuyer Assistance Act
  - HR 3008 - Introduced by Brad Sherman (D-CA) & Van Taylor (R-TX)
    - Passed the House
  - Allows licensed appraisers to perform FHA appraisals
  - 7 Hour verified FHA education requirement
  - Passed as part of the 2023 National Defense Authorization Act (HR 7900)

- **Appraisal Fee Transparency Act**
  - Adds trainee appraisers to the National Registry of Appraisers,
  - Allows ASC to adjust annual registry fees for AMCs
  - Requires the disclosure of appraisal fees
  - Allows nonprofit organizations and institutions of higher education to receive certain grants, and
  - Adds a designee of the VA to the ASC

- The Improving Access to the VA Home Loan Benefit Act- H.R. 7735/S.4208
  - Senate Original Sponsors Dan Sullivan (R-AK)
  - House Original Sponsor Mike Bost (R-IL)-Recently passed the House
  - If enacted, it directs the Secretary of the VA to prescribe updated regulations or program requirements to clarify when an appraisal is required, how an appraisal is to be conducted, and who is eligible to conduct an appraisal for a loan guaranteed by the Department of Veterans Affairs
  - Provide guidance on desktop appraisals
  - VA Circular 26-22-13-Alternative Valuation Methods

- Lame Duck Session
  - VA Legislation
  - National Defense Authorization Act
  - H.R. 2553-The Real Estate Valuation Fairness Act-Grant Provision
  - Homebuyer Assistance Act
    - FHA
  - S. 4808, the Enhancing American Retirement Now Act



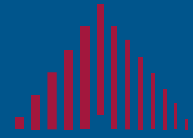
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## Other State Legislation & Regulation

- Statutes of Repose enacted in Pennsylvania, Texas and Wisconsin
- Colorado, Connecticut, Minnesota and Texas passed laws or enacted regulations allowing appraiser evaluations
- Louisiana passed a law that re-establishes the LR credential
- Continuing to monitor employee vs. independent contractor matters





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