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March 3, 2020

TO: Mr. Joe Biden and Staff
1500 Market St
Philadelphia, PA 19102

RE: The Biden Plan for Investing in Our Communities Through Housing

Dear Mr. Biden and Staff:

The National Association of Appraisers (NAA) is a nonprofit, 506c (6) association representing professional appraisers across the country and we applaud your commitment to investing in our communities through housing. While we share your concerns about the availability of affordable housing, we take great issue with this provision of your plan:

Tackle racial bias that leads to homes in communities of color being assessed by appraisers below their fair value. Housing in communities primarily comprised of people of color is valued at tens of thousands of dollars below majority-white communities even when all other factors are the same, contributing to the racial wealth gap. To counteract this racial bias, Biden will establish a national standard for housing appraisals that ensures appraisers have adequate training and a full appreciation for neighborhoods and do not hold implicit biases because of a lack of community understanding. An objective national standard for appraisals will also make it harder for financial institutions to put pressure on appraisers to their benefit.

Licensed and Certified appraisers are already bound by the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by The Appraisal Foundation and there is no need for any additional national standards for appraisals or appraisers. We take exception to the statement that home values in any neighborhood are the result of racial bias among appraisers and the Conduct Section of the Ethics Rule of USPAP clearly states:

An appraiser must perform assignments with impartiality, objectivity, and independence, and without accommodation of personal interests.

An appraiser:

- *must not perform an assignment with bias;*
- *must not use or rely on unsupported conclusions relating to characteristics such as race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance income, handicap, or an unsupported conclusion that homogeneity of such characteristics is necessary to maximize value;*

Additionally, the Appraisal Independence provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, have already made the practice of financial institutions putting “pressure on appraisers to their benefit” illegal as a matter of federal law. Creating a new national standard for appraisals or appraisers will do nothing to further combat “lender pressure” which is nearly non-existent since the implementation of Dodd-Frank.

‘§ 129E. Appraisal independence requirements

(a) IN GENERAL.—It shall be unlawful...to engage in any act or practice that violates appraisal independence....

(b) APPRAISAL INDEPENDENCE.—For purposes of subsection (a), acts or practices that violate appraisal independence shall include—

(1) any appraisal of a property...in which a person with an interest in the underlying transaction compensates, coerces, extorts, colludes, instructs, induces, bribes, or intimidates a person, appraisal management company, firm, or other entity conducting or involved in an appraisal, or attempts, to compensate, coerce, extort, collude, instruct, induce, bribe, or intimidate such a person, for the purpose of causing the appraised value assigned, under the appraisal, to the property to be based on any factor other than the independent judgment of the appraiser;

(2) mischaracterizing, or suborning any mischaracterization of, the appraised value of the property securing the extension of the credit;

(3) seeking to influence an appraiser or otherwise to encourage a targeted value in order to facilitate the making or pricing of the transaction...

Professional appraisers have no personal interest in the results of any appraisal he or she performs and are statutorily mandated to conduct their practices in an unbiased manner. Appraisers do not “set” values or create markets; they merely measure, reflect and report the actions of market participants. NAA would welcome the opportunity to provide information and clarity regarding appraisals and appraisal issue as your campaign moves forward but we would ask that you reconsider the appraisal provision of your platform.

Sincerely,



Craig Morley
President, National Association of Appraisers