

March 2, 2020

The Honorable Joe Biden
Biden for President
PO Box 58174
Philadelphia, PA 19102

Dear Vice President Biden:

As the nation's largest professional association of real estate appraisers with more than 17,000 professionals in nearly 50 countries, we share your presidential campaign's desire to end discriminatory and unfair practices in the housing market. Like you, we wish to tackle any racial bias that could lead to homes in communities of color potentially being appraised below their market value. But we respectfully submit that it is unnecessary to "establish a national standard for housing appraisals" (<https://joebiden.com/housing/>) – because one already exists.

The issues surrounding inactive real estate markets or "property deserts" are complex and weighty, and they stretch well beyond appraisal. Thoughtful and productive steps can be taken to spur liquidity and investment in communities, through changes in public policy, in historically inactive markets. In fact, real estate valuation expertise is essential to solving many redevelopment challenges. But the reality is that national appraisal standards and ethics requirements already require appraisers to perform their work with impartiality, objectivity and independence, without bias. Real estate appraisers are not the culprit.

As we testified last June at the House Financial Services Committee's Housing, Community Development and Insurance Subcommittee hearing (<https://financialservices.house.gov/uploadedfiles/hrg-116-ba04-wstate-wagners-20190620.pdf>), appraisers "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," according to the Uniform Standards of Professional Appraisal Practice ... which is enforced as law at the state level.

It is important to consider that homeowners buy based upon many factors; among those is affordability. Lender income and expense requirements essentially place a cap on the maximum a person(s) may pay, regardless of race, etc. Ultimately, household income limits what borrowers can purchase, not appraisals.

To be quite frank, the assertion that appraisers would systematically undervalue or overvalue real estate due to these factors is absurd and shows a profound misunderstanding of the real estate valuation profession. Appraisers have nothing to gain by such behavior, and in doing so we would lose the hard-fought public trust we have achieved over many, many years.

It also should be noted that appraisers do not make the market; instead, we reflect buyer and seller behavior in real estate. Appraisers do not evaluate individuals or borrowers; rather, we analyze properties and property markets. Appraisers provide "market value opinions," meaning, what the property should sell for. The safety and soundness of the federal banking system relies on our unbiased, impartial and objective professional valuation opinions.

Since national appraisal standards and ethics requirements already are in place, and since those requirements are enforced as law, there is no need for additional standards. We urge you to reconsider your position, and we look forward to working with you to tackle community and economic development challenges facing this country.

Sincerely,



Jefferson L. Sherman, MAI, AI-GRS
2020 President, Appraisal Institute