

REPORT OF: Response to Interagency Task Force on Property Appraisal and Valuation Equity (PAVE) Work Group (PAVE Response Work Group)

Purpose/goals of the Work Group:

- REALTORS® are committed to upholding fair housing law and committed to offering equal professional service to all in their search for real property. This includes real estate agents, brokers, and appraisers.
- NAR takes issues of bias in the appraisal profession very seriously. With leadership approval, NAR's Real Property Valuation Committee and Fair Housing Policy Committee formed a joint workgroup to provide feedback to the Biden Administration's Interagency Task Force on Property Appraisal and Valuation Equity (PAVE) in early 2022 . The PAVE Task Force was created in June 2021 to address discrimination in the appraisal and homebuying process and includes leadership and staff from 15 federal agencies. NAR members met with the taskforce on December 22, 2021, to provide preliminary feedback on issues related to the appraisal reconsideration of value process, diversity in the appraisal profession, to include appraiser education and outreach, as well as appraisal policy, guidance, and regulations. NAR decided that it was important to follow up with a more formal response once the report was released in early March.

This Report summarizes the recommendations made by prior Real Property Valuation Committee work groups, previous Fair Housing Policy and Real Property Valuation Committee joint workgroups, and actions and recommendations made by the current joint work group, the PAVE Response Work Group.

Once the Property Appraisal Valuation Equity (PAVE) Task Force released their report, the [“PAVE Action Plan”](#) on March 23, 2022, leaders and staff of the PAVE Response Work Group helped craft the initial [NAR response](#) by President Leslie Rouda-Smith. The Work Group met virtually soon afterwards to work on a [more specific NAR response](#) to Secretary Marcia Fudge, and Ambassador Susan Rice, the co-chairs of the PAVE Task Force.

The PAVE Response Work Group had an in-person organizational meeting on May 3, 2022, during the NAR Legislative Meetings in Washington, D.C. The Work Group adopted a Work Plan to address specific sections of the PAVE Action Plan. Virtual meetings have been held two times a month since. Specific recommendations have been made to the Real Property Valuation Committee and action has been taken by the committee. Additional recommendations are in the process of being adopted. A summary of the Actions and Recommendations is provided below.

Actions

To promote Diversity in the Real Property Appraisal Profession, the Real Property Valuation Committee passed a motion to:

- **Work to promote and encourage entrance into the appraisal profession, particularly for minorities, by:**
 - **developing ways to encourage state associations to support legislative/regulatory changes to implement the Appraiser Qualifications Board (AQB) adopted Practical Applications of Real Property Appraisal (PAREA)**

- **developing paths to recognize alternative experience for appraisal work completed without a traditional client and to recognize experience for appraisal work completed through practicum courses**
- **creating strategies to encourage state associations to create and/or maintain and support an appraisal/valuation committee**

To address Appraiser Education and Outreach, the Real Property Valuation Committee has passed the following motions:

- **“That NAR update its Code of Ethics training content specific to appraiser members to include additional information on how Article 10 and fair housing apply to real property appraisals and valuation.”**
- **“That NAR urge the AQB to revise the real property appraiser qualification criteria to require fair housing training for both qualifying and continuing education.”**

NOTE: The update to the Article 10 Code of Ethics Training specific to appraiser members is underway. When a draft of the revisions is available, it will be provided to the chair and vice chair of the PAVE Response Work Group for comment. The new module is expected to be ready by the end of 2022.

NOTE: A letter proposing revisions to the real property appraiser qualification criteria was sent to the AQB of The Appraisal Foundation in July 2022. Afterwards, the AQB invited NAR to participate in their *Forum to Explore Education Requirements: Fair Housing Laws and Valuation Bias Education* as part of a panel of Education Providers. The forum was held virtually on September 12, 2022, at 1:00 PM ET. The purpose of the hearing was to solicit feedback that will assist the AQB’s decision making process. NAR participated as a panelist in the [Forum to Explore Education Requirements: Fair Housing Laws and Valuation Bias Education](#).

NOTE: Prior joint work groups have recommended NAR develop appraiser specific Fair Housing, Bias Override, and At Home With Diversity education. The PAVE Response Work Group has discussed these suggestions and tends to support them but has opted to concentrate efforts on convincing the AQB to require Fair Housing and Appraisal Bias Qualifying and Continuing Education prior to pushing for NAR course development.

Recommendations:

1. Reconsideration of Value Process

The topic of Reconsideration of Value was important to the PAVE Task Force, NAR, and the Work Group. The fact that NAR supports a more standardized process to request a reconsideration of value was part of the Work Group discussion. Better communication could help a real estate broker, salesperson, buyer, seller, or borrower understand if an appraisal is credible. See <https://www.nar.realtor/appraisal-valuation#:~:text=NAR%20supports%20a%20more%20standard,whether%20an%20appraisal%20is%20credible>

The PAVE Response Work Group has developed the attached “Policy to Recommend Action on Reconsideration of Value.” This will be presented to the Real Property Valuation Committee at their next virtual meeting.

2. To Promote Diversity in the Real Property Appraisal Profession, and to address the PAVE Action Plan Commitment to build a well-trained, accessible, and diverse appraiser workforce, the PAVE Response Work Group closely examined the [Real Property Appraiser Qualification Criteria](#). The existing criteria, developed by the AQB recognizes only education specified in the Required Core Curriculum (page 25 of the Criteria). College level education completed at a college or university approved under the college degree approval program is also recognized.

The PAVE Response Work Group has developed the attached “Policy to Recommend Expanded Experience and Education for Appraiser Qualifications.” This will be presented to the Real Property Valuation Committee at their next virtual meeting.

Work to do:

1. Diversity in the Real Property Appraisal Profession
 - a. Work to promote and encourage entrance into the appraisal profession.
 - b. Encourage NAR to participate in the [Appraiser Diversity Initiative](#) in a meaningful and substantial way. The current top-level participants are the Appraisal Institute, Fannie Mae, Freddie Mac, and National Urban League.
 - c. Develop a strategy to promote Valuation as a career for real estate professionals currently engaged in other real estate specialties.
 - d. Utilize inhouse NAR resources such as [NAR’s Mentorship Program](#) to inspire present and future Realtor® members to enter the appraisal profession.
2. Appraisal policy – Examination of NAR Responsible Valuation Policy and other applicable NAR policy statements.
3. Appraisal Regulation – Examination of the appraisal regulatory structure; recommendations for improvement.
4. Consumer Education – Inform consumers about the appraisal process, the appraisal regulatory system, and their rights when the appraisal is believed to be not credible or developed and reported with bias or illegal discrimination.
5. Make recommendations to give researchers and enforcement agencies better data to study and monitor valuation bias and appraisal quality and credibility.

Workgroup Participants:

- **Real Property Valuation Committee**
 - Frank Gregoire, Chair (appraiser)
 - Peter Gallo, Vice-Chair (appraiser)
 - John Brennan, Committee Member (appraiser)
 - Melanie Barker, Committee Member (non-appraiser)
 - LaShandria Sanderson, Committee Member (non-appraiser)
- **Fair Housing Policy Committee**
 - Jennifer Stevenson, Chair
 - Jay Mitchell, Vice-Chair
 - Jeffrey Hicks, Immediate Past Chair
 - Barry Kramer, Committee Member
 - Axay Parekh, Committee Member

Committee Liaison:

- AJ Frye

Additional Liaison:

- Donna Smith

Staff Executive:

- Ken Fears

Additional Staff Executive

- Alexia Smokler